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**The influence of atmospherics on consumer perceptions of service quality,
merchandise price, and merchandise quality influencing behavioral intentions: A
retailing study of outlet malls.**

**A Dissertation
Presented for the
Doctor of Philosophy Degree
The University of Tennessee, Knoxville**

**Alycia Fogle Holmes
August 2007**

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DEDICATION PAGE

This study is dedicated to the following persons:

....to my parents and big brother, thank you for always being my biggest fans. You provided me with confidence and encouragement throughout my doctoral years and certainly during this study. You have been my rock and I love you all. Thank you for just being you!

.... to Andrew, thank you for helping me through the ups and downs. You never let me lose my sense of humor even when I tried my hardest.

.... To Dr. Ann Fairhurst, my major professor and co-chair, who has provided direction and wisdom throughout this study and my academic career. Thank you for always being there for me, even during your vacations!

.... to Dr. Lisa Fall, thank you for being my mentor. You have been a great friend and sounding board. Thanks for teaching me the importance of continuing to keep my head up.

.... to Dr. Youn-Kyung Kim, my co-chair, thank you for stepping up and helping as my co-chair when you were needed. I appreciate all of your help, guidance, and time throughout this process.

.... to Dr. Laura Jolly, who has provided me special guidance and expertise throughout my academic career.

.... to my family and friends, you have listened and been patient with me throughout my career at Tennessee. I appreciate all of your support. I now have time to spend with you!

.... to my students at Georgia Southern University. Thank you for making my first year of teaching a lot of fun. Also, thanks for being so flexible while I became Dr. Alycia.

.... Finally, to my friends in the doctoral program and the students who I have taught and advised over the years, you made my time at Tennessee a true pleasure. Thank you!

ABSTRACT

This study examines the influence of atmospherics on consumer perceptions of service quality, merchandise price, and merchandise quality influencing behavioral intentions in an outlet mall environment. The research design was a survey method and data were collected through a mall intercept questionnaire. A pilot test of the instrument was conducted with 43 subjects. The final questionnaire contained 30 items and a demographic section. A total of 586 questionnaires were collected from three different outlet malls. The results indicated that the atmospheric variables and the human variable of crowding are related to consumer's perceptions of the service quality, merchandise price, and merchandise quality at an outlet mall. However, the atmospheric variables and the human variable of crowding were determined to not have a significant relationship to consumer behavioral intentions at the outlet mall. Other findings indicate that the consumer perception of service quality was determined to be significantly related to consumer behavioral intentions. However, the consumer perceptions of merchandise price and merchandise quality at the outlet mall were determined to not have a significant relationship with consumer behavioral intentions. Managerial and theoretical implications are discussed along with future research suggestions.

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CHAPTER 1: INTRODUCTION

The world of the traditional shopping venue has been changing dramatically in the last few decades resulting from, among other things, the introduction of a variety of non-traditional retailers, saturation of competition, and changing consumer behavior (Ruiz et al., 2004). Retailers today are faced with an increasingly competitive environment and a market over-saturated by consumer products. Consumers are building loyalties to category killers, discount stores, and factory outlet centers (Ruiz et al., 2004) thus creating competition for the traditional shopping venue. In addition, the over-saturation of products has impacted the performance of the firm (Berry, 1995). This has resulted in a need for retailers to project the appropriate image and atmosphere in order to attract and maintain consumers (Turley & Milliman, 2000). As competition has increased, the preferences of the American consumer have evolved. Consumers are becoming more comfortable with using a variety of retail formats (i.e., online, catalog, and discount retailing). This change in preferences motivated retailers, marketers, and developers to conform to what the consumer prefers.

When a retailer expands to new locations or into a variety of formats, the retailer becomes a product in itself and thus has a life cycle. As new retail formats are adopted, they gain popularity during the introduction and mass acceptance phases of the life cycle. Over time, their popularity fades as other retail centers position themselves in the marketplace. This competition makes it necessary for retailers to assess existing retail formats, repositioning themselves from time to time in order to attract and maintain their consumer base.

A significant influence on the retailing environment has been the change in consumer preferences. Retailers are experiencing an increasing number of bargain-hunters and time-conscious consumers who also demand a unique experience. Therefore, in recent years retailers have begun to reposition and redesign in an attempt to remain competitive (Reynolds et al., 2002). Retailers are diversifying themselves across brands and formats. One example of this change is that shopping centers are developing overall themes to differentiate themselves from their competition and redefining themselves in American culture as unique and easy places to shop (McCloud, 1994). Shopping has become more than an act of buying and a shopping center has become more than a place to purchase things. A shopping center can be thought of as a consumer habitat where consumers interact with one another, accumulate experiences, and spend time (Solomon et al., 2002). In addition, consumers have become attracted to value-oriented and discount shopping environments. Discount retailers are uniting in outlet shopping centers in order to become destination retailing environments, drawing customers seeking convenience and value (LeHew, 1993). On average, a consumer will spend 68 minutes on a shopping trip to a traditional mall, while the same consumer will spend 120 minutes on a shopping trip to an outlet mall (Reynolds et al., 2002). These statistics indicate to retailers that consumers are spending more time in non-traditional retail venues that offer discounted merchandise.

This study will focus on the retailing format of outlet malls. Like individual retailers, outlet malls generate income largely by selling merchandise and services. However, the relationship with the consumer is indirect (LeHew, 1993). In addition, outlet malls receive income from space leased to individual retailers. Therefore, if

individual retailers are successfully performing in the outlet mall, the outlet mall will be successful due to receiving a percentage of the generated sales volume (LeHew, 1993). Outlet mall managers and developers are becoming increasingly aware of the link between the retailers and the consumers. Therefore, the managers of outlet malls are educating themselves and individual retailers on what consumers want while shopping in their outlet malls in order to increase sales volume (LeHew, 1993; Martin, 1986).

Outlet shopping began primarily with apparel and textiles but has evolved to include a variety of products, therefore extending value to the consumer (O.R.M.A., 2005). Many manufacturers' outlet stores maintain a "respectful silence" about their outlet business in deference to their wholesale accounts with department and specialty stores. Outlet malls operate primarily by "word-of-mouth" advertising (O.R.M.A., 2005). Therefore, it is imperative for developers, managers and retailers who operate in outlet malls to evoke positive responses from consumers.

Today stores within outlet malls are designed in a manner similar to their counterparts in traditional malls. Outlet stores are located within a mall setting, which often contains an extensive array of amenities, including on-site restaurants and additional entertainment venues. The stores within an outlet mall vary in merchandise and pricing. In general the stores carry primarily first-quality, factory over-run or discounted merchandise. Irregular or damaged merchandise is almost non-existent in today's outlet stores (O.R.M.A., 2005). Some stores now include items made exclusively for their outlet stores; this trend has resulted in a higher quality-perception for outlet mall merchandise.

The outlet mall atmosphere plays a significant role in attracting consumers. As defined by Ghosh (1990), the atmosphere has a psychological effect on a consumer which is created by the design and the physical surroundings. The atmosphere elicits emotional reactions influencing customer behaviors. Initial reactions regarding the atmosphere are essential in order to draw in the consumer (Ghosh, 1990). In the retail environment, research indicates that when physical elements match with what a consumer expects to find, a more pleasing combination is created leading to higher satisfaction and increased spending (Matilla & Wirtz, 2001). The perceptual appropriateness of elements within an environment affects consumers significantly (Babin et al., 2004), representing how congruent the environmental characteristics are with the venue type. The perception of one characteristic affects the perception of others as they come together to give the whole environment, like an outlet mall, an emergent meaning (Babin et al., 2004).

Previous research has shown that consumers are making patronage decisions based on the overall shopping complex instead of specific retailers (LeHew, 1993; May, 1980). Therefore, it has become very important for managers and retailers of shopping centers, malls and outlet malls to monitor the atmosphere of an entire complex in order to bring in and maintain customers.

Previous research has indicated that there are two types of atmospheric variables: the external and the human variables (Turley & Milliman, 2000). The external variables are important because the exterior of an outlet mall environment provides the initial opportunity for retailers to interact with the consumer (Turley & Milliman, 2000). If the external variables are not pleasing and do not induce positive approach behaviors, the rest of the atmosphere may not matter (Turley & Milliman, 2000). The atmosphere can

influence the way a consumer perceives a variety of retailer attributes, including the quality of service, the quality of the merchandise, and the price of the merchandise. The atmospheric factor of the human variable also has a significant effect on shopping behaviors. This variable includes crowding, which has been linked to the consumer behavior of approach or avoidance (Turley & Milliman, 2000).

As the retailing environment is becoming more competitive, managers are incorporating value-benefits to their core service in order to sustain a competitive advantage (Hightower et al., 2002). Outlet mall developers are turning their locations into end destinations, places where consumers come to spend time and satisfy their purchasing needs through a wide assortment of product categories and entertainment. Since consumers visit outlet mall retailing environments for entertainment purposes in addition to utility, it is necessary to evaluate outlet malls in terms of experiential perspectives (Babin et al., 1994). This evaluation requires an emphasis on managing the outlet mall atmosphere. The atmosphere has become a major factor in delivering customer delight (Hightower et al., 2002), especially for non-traditional consumers like outlet mall customers (Hightower et al., 2002). The mall atmosphere works on the pleasure domain of consumer perceptions and malls with favorable atmospheres are likely to illicit positive behavioral intentions (Thang & Tan, 2003).

The current study addresses the impact of outlet mall atmospherics on consumer perception and thereby on their behavioral intentions. By means of a conceptual model, developed for that purpose, the relationship between the outlet mall atmospherics and consumer perceptions is investigated in order to determine their influence on behavioral intentions.

Purpose of the Study

The purpose of the study is to investigate the impact of the outlet mall atmospherics associated with the exterior environment and the human variable of crowding on consumer perceptions of service quality, merchandise quality and merchandise price. In addition, the consumer perceptions are investigated with regard to their influence on behavioral intentions.

Drawing on previous research, a conceptual framework is proposed, indicating that a relationship exists between the variables of outlet mall atmospherics and consumer perceptions influencing behavioral intentions. The conceptual framework is tested in the retailing venue of an outlet mall.

Potential Contributions

The results of this study will aid academicians and practitioners in the understanding of the relationships among the constructs presented in the conceptual framework. The results will add knowledge to the research streams focusing on outlet malls, atmospherics, and consumer perceptions. Practitioners will benefit from this research by developing a more comprehensive list of attributes that can create a successful outlet mall in order to compete in today's retail marketplace.

Research Objectives

The aim of this study is to increase knowledge regarding the relationship between outlet mall atmospherics and consumer preferences and the influence of this relationship on behavioral intentions in an outlet mall retail setting. Specifically, the goals are to:

- 1) Identify the following variables with regard to outlet mall consumers and determine how they impact consumer perceptions and behavioral intentions: (a) the exterior

- environment, (b) the human variable of crowding, (c) service quality, (d) merchandise-price perceptions, and (e) merchandise-quality perception.
- 2) Determine whether the external environment influences consumer perceptions toward: (a) service quality, (b) merchandise price, and (c) merchandise quality.
 - 3) Determine whether the human variable of crowding influences consumer preferences toward: (a) service quality, (b) merchandise price, and (c) merchandise quality.
 - 4) Determine whether behavioral intentions are influenced by consumer perceptions toward: (a) service quality, (b) merchandise price, and (c) merchandise quality.
 - 5) Determine whether the atmospheric variables of the exterior and the human factor of crowding influence behavioral intentions.
 - 6) Compare the three outlet malls with regard to demographics, the atmospheric variables, consumer perceptions and behavioral intentions.

Dissertation Organization

This dissertation is organized into five chapters. Each chapter is developed in order to stand alone, yet each chapter builds upon the previous chapters. Chapter One introduces the significance of the study based on the previous literature. In addition, the purpose and objectives of the study are discussed.

Chapter Two presents the conceptual framework for the study. This chapter also presents a review of literature examining the constructs represented in the conceptual framework. Research hypotheses are stated.

Chapter Three focuses on the research methods used in the study. The chapter discusses the research design, including the research model, instrument development,

pilot testing, validity and reliability, questionnaire format, the sample, and procedures of data analysis.

Chapter Four discusses the data analysis used in this study. Research items and hypotheses are tested and analyzed. The validity and reliability are confirmed for the constructs included in the research model.

Chapter Five focuses on the theoretical and managerial implications regarding the results of the study. Limitations of the current study are also presented. This chapter concludes with directions for future research.

Operational Definitions

The following definitions of the key constructs are used throughout this study (Glossary of Definitions included in Appendix)

- **Atmospherics:** The conscious designing of a space to create specific effects in buyers; an effort to produce certain emotional effects in the consumer that enhance purchase probability (Kotler, 1973).
- **Behavioral intentions:** A consumer's reactions to stimuli in an environment that results in: a) positive word-of-mouth advertising by the consumer, b) willingness to recommend the environment to others, c) and repatronage behavior (Cronin et al., 2000).
- **Merchandise price perceptions:** A consumer's perception of the price of a product or service as what is given up or sacrificed in order to obtain the product or service (Zeithaml, 1988).
- **Merchandise quality perception:** The consumer's perception of what actually is gained from an exchange for merchandise (Baker et al., 2002).

- Outlet mall: A shopping center whose tenants are primarily owned and operated by manufacturers who market and distribute their products at discounted prices. Outlet centers are often found in rural or tourist centers (Clodfelter & Fowler, 1999).
- Service quality: An individual's evaluation of a service based on perceptions of service performance (Dabholkar et al., 1996).

CHAPTER 2: LITERATURE REVIEW

The purpose of this study is to investigate whether a relationship exists between outlet mall atmospherics (i.e., external variables and the human variable of crowding) and consumer perceptions (i.e., service quality, merchandise price perceptions and merchandise quality perceptions) thus influencing consumers' behavioral intentions. In this chapter, literature is reviewed in order to develop hypotheses. First, a conceptual framework is introduced based on a research model developed by Bitner (1992). Secondly, outlet mall research is reviewed. Thirdly, previous literature is reviewed with regard to the constructs presented in the conceptual framework. More specifically, the constructs examined include the atmospheric variables of external and human factors, service quality, merchandise quality perceptions, merchandise price perceptions, and behavioral intentions. Finally, hypotheses are proposed regarding influences among the constructs stated in the conceptual framework.

Conceptual Framework

The proposed framework for this study is based on the research model developed by Bitner (1992), which incorporates the variables represented in this study. The section of the Bitner (1992) model used to develop the conceptual framework for the current study is included in Figure 2.1; the complete Bitner (1992) model is included in Appendix D. The proposed conceptual framework for this study is included in Figure 2.2.

In 1992, Bitner reviewed previous literature streams and developed an encompassing model for understanding environment-user relationships in service organizations. The model includes variables associated with the environment,

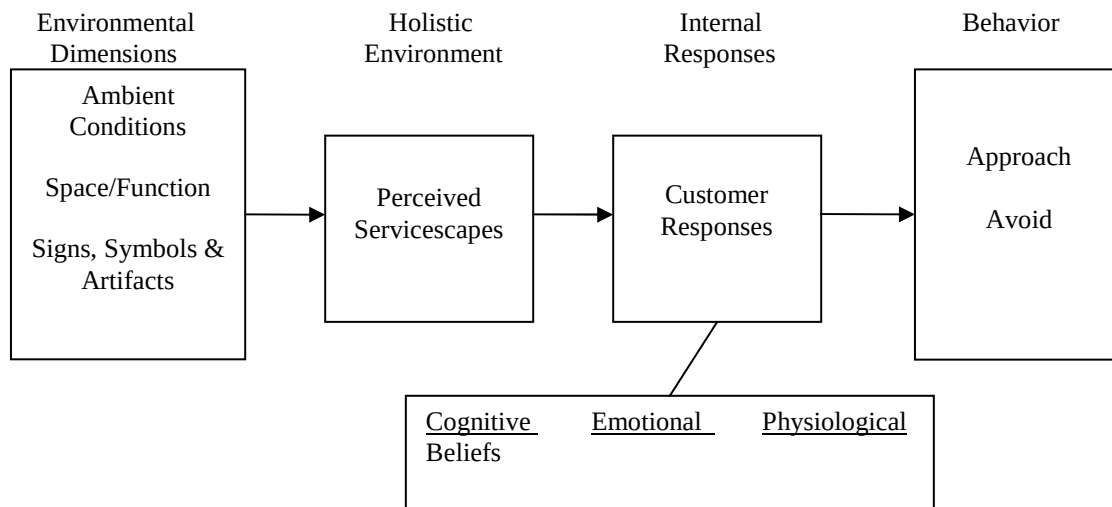


Figure 2.1: Bitner's (1992) Framework for Understanding Environment-User Relationships in Service Organization

perceptions of the servicescape, internal consumer responses, and behaviors. The model indicates that perception of the servicescape does not directly cause consumers to elicit behaviors. The perceptions of the servicescapes lead consumers to certain cognitions (i.e., beliefs and categorizations) of services or products which in turn influence behaviors (Bitner, 1992). In general, consumers respond to their environment cognitively, emotionally, and physiologically, influencing how they behave in the environment (Bitner, 1992). However, this study will focus on consumers' cognitive responses to their environment. What a consumer expects to find in an environment affects their consumer responses. Consumers, who have their expectations negatively disconfirmed, are likely to elicit negative behaviors. The opposite occurs when their expectations of the environment are met or exceeded (Bitner, 1992).

The Bitner (1992) model has been modified for this study to focus more specifically on areas lacking in the research stream. The environmental dimensions section of Bitner's (1992) model incorporates the atmospheric variables of the exterior and human factors in the conceptual framework for this study. In addition, the consumer response variable has been modified to include consumer perceptions of service quality, merchandise quality and merchandise price. These constructs are cognitive because perceptions of the service quality, merchandise price, and merchandise quality result in consumer beliefs regarding products or services. In addition, consumers categorize products or services based on their perceptions. Therefore, the constructs of service quality, merchandise quality and merchandise price are represented in the consumer response/internal response section of the conceptual framework for the current study. The behavior section of the model is slightly modified to incorporate the behavioral intentions of willingness-to-recommend, re-patronage, and word-of-mouth advertising. The construct of behavioral intentions emphasizes the importance of factors such as positive word-of-mouth advertising, willingness to recommend, and repatronage intentions with regard to outlet malls. Positive word-of-mouth and willingness to recommend are often the best advertising source for outlet malls (O.R.M.A., 2005). Therefore, the following conceptual framework regarding the influence of outlet mall atmospherics on consumer perceptions influencing behavioral intentions is proposed in this study:

Outlet Mall Retailing

The outlet mall is becoming a popular alternative to traditional shopping venues such as malls, department stores, and specialty stores. The outlet mall has been a positive area of retail growth in the past few decades. While department stores and regional

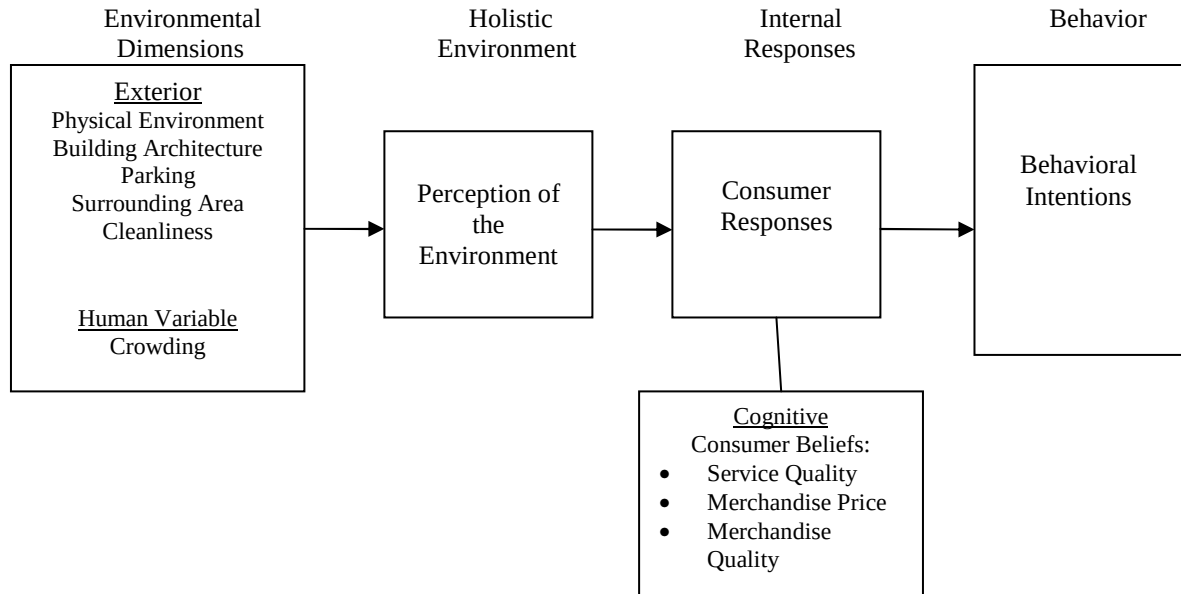


Figure 2.2: Conceptual Framework of The influence of retail atmospherics and the variable of crowding on consumer perceptions resulting in behavioral intentions

shopping centers have experienced shrinking sales, off-price and outlet stores have seen a large growth rate among retailers (Kim & Kang, 1997).

Outlet malls have grown to a \$14 billion a year coast-to-coast industry, even as sales among traditional retailers are continuously decreasing with the influx of non-traditional retailers such as warehouse clubs, mail order, e-commerce, and discount retailers. Outlet malls contain manufacturers of shoes, apparel, electronics, cosmetics and other products. For the consumer, the outlets offer brand name merchandise at lower price points than traditional retailers. Outlet centers promise discounts of 20-70% and are located throughout the United States (Clodfelter & Fowler, 1999).

In addition, outlet malls have remained convenient to most consumers. In the past, outlet malls were located at a minimum of 30 miles outside of urban and suburban areas in order not to compete with traditional retailers. Today, outlet malls are being located near population centers and are approximately five times larger than outlet malls a decade ago (Karande & Ganesh, 2000). Developers generally select tourist meccas or small towns near large roadways as the sites for outlet malls.

Many retailers incorporate outlet stores as part of their retail distribution strategy (Karande & Ganesh, 2000). Retailers such as Van Heusen, Coach, Ralph Lauren, Donna Karen, and Brooks Brothers have all conformed to this distribution strategy. Even traditional department stores like Nordstrom, Saks Fifth Avenue, and Macy's have developed liquidation stores in order to move merchandise that would otherwise be written off. The outlets function not only as a method of increasing profit for the retailer's, but also serve as a way to increase word-of-mouth advertising for retailers and designers.

Outlet malls have evolved over the past few decades, changing consumer perceptions and expectations. First, today's outlet centers house a variety of retailers ranging from discount to regular retail stores. Secondly, the prices at outlet malls are not necessarily lower than at regular retail stores. Thirdly, outlet merchandise is not always a good bargain. Many manufacturers develop merchandise specifically for an outlet mall, often of a lesser quality. Therefore, buying a specific label does not necessarily assure top line merchandise. Misconceptions regarding outlet malls can lead to dissatisfied consumers (Barnes, 1998). These are important concepts for retailers to understand with regard to outlet mall consumers' perceptions and their behavioral intentions.

Outlet Mall Consumers

A research stream in shopping behavior focuses on finding patterns between store visiting frequency and total amount of money spent tied to the demographic characteristics of consumers (Seiders & Tigert, 2000; Stone, 1995). Demographic characteristics such as size of the family, income and level of education have been determined to influence consumers' choices of a retail format, their purchasing behavior and spending patterns (Stone, 1995). Seiders and Tigert (2000) researched motives for choosing large shopping centers over small retail venues. The study found that large shopping centers were chosen based on perceptions of lower prices and wider product assortments.

There are more than 14,000 outlet stores in the United States with sales exceeding \$14 billion annually (Barnes, 1998). The outlet stores are attracting upscale consumers who seek out designer and brand name merchandise at discounted price. This outlet mall consumer represents a target market of choice for the sluggish apparel industry (Barnes, 1998).

Outlet consumers are older, more educated and more prosperous than consumers who shop at full price retailers (Barnes, 1998). Outlet mall consumers strive to purchase quality goods at reasonable prices. Their demographic characteristics make them a target market for upscale and brand name apparel (Barnes, 1998).

A study by Reynolds, Ganesh, and Luckett (2002) identified shopper segments for traditional and outlet malls. The "Destination Shopper" segment is a large target market, especially for outlet mall retailers. This outlet consumer group travels specifically for the purpose of shopping. Geographical convenience is not important to destination shoppers,

who comprise 15% of traditional retail shoppers and 16% of outlet mall shoppers.

According to an article in *The Knoxville News-Sentinel*, stated that 80% of the business at the Five Oaks Outlet Mall in Sevierville, Tennessee comes from destination shoppers.

Karande and Ganeshin (2000) identified three types of outlet mall shoppers: recreational shoppers, serious economic shoppers, and time-conscious deal-prone shoppers. This study focused on the serious economic shopper as the most attractive to retailers. Economic shoppers spent more money and time than the average consumer at outlet malls. Recreational shoppers were browsers, the time-conscious and reluctant consumers who only shop on sale days.

In the early 1990's, as consumer-demand became more important, the appearance of outlet malls changed. More emphasis was placed on store design, ambience, and amenities because consumers expected a certain type of environment. The new buzzword for developers of outlet malls was 'upscale' (Clodfelter & Fowler, 1999). This transformation led to outlet malls forming upscale villages and centers with a strong emphasis on brand names (Clodfelter & Fowler, 1999). Outlet malls today have become well-arranged retail environments, catering to consumers, and stocking merchandise similar to what is found in their traditional retail counterparts. Many outlet malls cannot be distinguished from stores in regional shopping malls (Clodfelter & Fowler, 1999).

ATMOSPHERIC STIMULI

The current study aims to establish a relationship between the atmospheric attributes of an outlet mall and the behavioral intentions of the consumers. The emphasis on the physical environment is important for retailers to understand due to influencing

consumer perceptions of customer service (Hightower et al., 2002; Turley & Fugate, 1992). Prior research has determined that atmospheric variables are mediated by cognitive responses (Bitner, 1992) and affective responses (Donovan & Rossiter, 1982; Mehrabian & Russell, 1974; Wakefield & Blodgett, 1999). However, little research exists to indicate how atmospheric variables influence consumer perceptions resulting in behavioral intentions.

Kotler (1973) is credited with coining the term ‘atmospherics’ referring to intentional, controlled physical environmental cues. He stated that one of the most influential aspects of a product is the physical environment where the product is purchased or consumed. In the same study, Kotler indicates that a store environment, both interior and exterior, can be shaped to elicit specific feelings from consumers, feelings that can have an important effect on purchasing behavior. A later study by Turley and Kelley (2001) found that even minor adjustments in Servicescapes can impact behavioral intentions and misuse of Servicescapes can negatively impact consumer behavior.

Mehrabian and Russell (1974) developed a theoretical model of the effects of the physical environment on human behavioral intentions. This model measures consumers’ responses to their surrounding environment and links the physical environment to service-firm success. The model proposed three emotional states as moderators between environmental stimuli and consumer behavior. The three states are referred to as “pleasure, arousal, and dominance”, or PAD. The Mehrabian-Russell study was the first to propose that people react through approach or avoidance (Price-Rankin, 2004), and is commonly cited in the field of environmental psychology. The PAD framework is based

on the Stimulus-Organism-Response (SOR) paradigm. The SOR paradigm indicates that physical and social surroundings affect consumer emotions, which then influence behaviors (Hightower et al., 2002). According to the SOR paradigm and the PAD model, it is expected that a favorable perception of an environment will evoke emotions that result in positive behavioral intentions (Bigne et al., 2005).

In 1982, Donovan and Rossiter applied the Mehrabian-Russell model to a retail environment. The study determined that pleasure and arousal can predict positive consumer behavior in a retail setting. Findings by Donovan and Rossiter (1982) indicate that the physical environment influences several outcomes including increasing the enjoyment of shopping, influencing time spent inside a retail store, spending more money than planned, and increasing repatronage behavior.

The consumers' perception of the total atmospherics of an outlet mall is the sum of their emotional satisfaction and their perception of the quality of services offered, along with the financial gains achieved through lower prices. Bolton and Drew (1991) determined that by understanding the concept of customer satisfaction, retail centers can develop atmospheric strategies to fulfill customer satisfaction in order to elicit an appropriate behavioral response. This kind of satisfaction is referred to as 'non-product satisfaction' and has become increasingly more important as competition in the marketplace has increased.

Retailing has focused over the past several decades on increasing the shopping efficiency of the average buyer (Downs, 1970). Strategies found to promote shopping efficiency include an attractive shopping atmosphere, high-volume outlets, large free parking areas, and longer hours of operation (Kim & Kang, 1997). Previous literature on

the physical environment took a broad perspective, examining atmosphere across several industries. However, marketing literature has largely focused on the physical environment.

The physical environment is often referred to as a “servicescape” which is defined as an area where products and services are purchased (Bitner, 1992). In Bitner’s framework, Servicescapes consist of ambient conditions, spatial layout, functional layout, signage, symbol and artifacts. Businesses associated with the service industry must continually manage their Servicescapes in order to excel in the industry. This idea has been discussed widely in the marketing literature (Babin & Dardin, 1996; Baker et al, 1994; Donovan & Rossiter, 1982).

The emphasis on the physical environment is important for retailers to understand due to its influence on consumer perceptions of customer service (Hightower et al., 2002; Turley & Fugate, 1992). Prior research has determined that atmospheric variables are mediated by cognitive responses (Bitner, 1992) and affective responses (Donovan & Rossiter, 1982; Mehrabian & Russell, 1974; Wakefield & Blodgett, 1999). However, little research exists to indicate how atmospheric variables influence consumer perceptions that affect behavioral intentions.

Previous research has indicated that consumers respond to their environments holistically (Mattila & Wirtx, 2001). They perceive a configuration of stimuli, which determines their response to the physical environment (Holahan, 1982; Mattila & Wirtz, 2001). Bitner (1992) described a holistic approach regarding the concept of Servicescapes. When an environment is perceived as a whole, various arousing cues from the environment stimulate the consumer’s senses. Individual consumers’ reactions to

various combinations of cues then produce different responses or behaviors.

Atmospherics are mediated by cognitive and emotional responses (Hightower et al., 2002; Bitner, 1992), thus indirectly affecting repatronage intentions, word of mouth, and image (Baker et al., 1994; Wakefield et al., 1996).

Baker (1996) claimed that consumers are influenced by tangible cues in the physical environment. This influence is due to the lack of direct physical contact during a service encounter. Baker developed a framework which separates the physical environment into ambient, design and social factors. However, the most regarded and cited study of the physical retail environment is Bitner's (1992) study regarding the effects of the physical environment on the behavior of service employees and customers. This classic study found that the level of service inevitably affects consumer behavioral intentions.

Turley and Fugate (1992) determined that service quality and affective behavior are outcomes of facility perceptions. Hightower et al. (2002) indicated that the link between quality and affect is particularly strong in facility-driven services like entertainment venues. Wakefield and Blodgett (1999) concurred with the finding that a positive link exists between the physical environment and affect.

Berman and Evans (1995) divided atmospheric stimuli into four broad categories: 1) the exterior, 2) the interior, 3) the layout and design, and 4) the point-of-purchase and decoration variables. Turley and Milliman (2000) added a fifth category, human variables, to the atmospheric variables that Berman and Evans (1995) developed, based on findings in the literature stream.

External Variable

The external variables identified by Turley and Milliman (2000) are the storefront, marquee, entrances, and display windows, building architecture, the surrounding area, and parking. Interestingly enough, considering the current research stream on atmospherics, the literature in this area of external atmospherics is limited. The literature that does exist has mainly examined the impact of the exterior on buyer behaviors (Turley & Milliman, 2000).

Researchers Grossbart, Mittelstaedt, Curtis, and Rogers (1975) examined the impact of a shopping district's external attributes on a variety of shopping behaviors. This pivotal study determined that consumers form perceptions of large and complex environments. However, these perceptions are individual to the consumer and are based on personal experiences.

Pinto and Leonidas (1994) studied the effects of parking and location on perceptions of quality. The study determined that parking and location had a significant effect on consumer perception of the quality of the environment and the products within the environment. The current study further investigates exterior atmospheric variables such as the physical environment, building architecture, parking and the surrounding area in relation to consumer perceptions.

A consumer perception of a single exterior atmospheric cue can potentially result in a consumer's interpretation of the entire environment. The atmosphere may fail to produce the desired effect because some element may cause the environment to seem less appropriate (Babin et al., 2004). Therefore, retailers and outlet mall managers must

develop an understanding of what their consumer wants and continue to reanalyze the overall exterior environment of the outlet mall.

Human Variable of Crowding

Turley and Milliman (2000) added the human variable to the Berman and Evans (1995) categorical list of atmospheric stimuli. This category includes crowding, customer characteristics, and employee characteristics. The current study focuses specifically on the variable of crowding. Crowding has been a well researched aspect of consumer behavior. Bateson and Hui (1992) determined that consumers perceive crowding while shopping as an unpleasant experience. Eroglu and Machleit (1990) determined that consumers who were task-oriented perceived more crowding than consumers who were not task-driven. This study indicated that consumer motives can influence crowding perceptions.

Machleit, Kellaris, and Eroglu (1994) studied the impact of perceived crowding and satisfaction on expectations of crowding. In this experimental study, crowding was negatively correlated with satisfaction and perceptions of service suggesting that consumers have a pre-conceived notion of the level of crowding desired. If their notions prove to be incorrect consumers are likely to be dissatisfied.

Research on crowding has determined that crowding negatively affects browsing and comparison shopping (Grossbart et al., 1991) postponed shopping (Grossbart et al., 1991), going to another location (Grossbart et al., 1991), price perceptions (Wakefield and Blodgett, 1994), shopping excitement (Wakefield and Blodgett, 1994), and quality perceptions (Wakefield and Blodgett, 1994).

The atmospheric variable of crowding can be conceptualized as a stimulus leading to a perception within the individual consumer, which in turn, leads to a behavioral response (Turley & Milliman, 2000). The physical environment interacts with the consumer's expectations and perceptions to elicit a response. This being said, the behavior that the physical environment elicits in one consumer may be entirely different from the behavior it elicits in another consumer. This study investigates how the variable of crowding in an outlet mall influences the consumer's perceptions, thus influencing their behavioral intentions.

CONSUMER PERCEPTIONS

Service Quality

The concept of service quality is a well-researched area in consumer behavior literature. The variable of service quality extends across many disciplines including marketing, psychology, sociology, and retailing. Retailing literature is beginning to take notice of how service quality can enhance an attraction and thus elicit positive behavioral intentions.

The production and consumption of services are inseparable (Parasuraman et al., 1985). Quality in service can not be manufactured and then delivered to the consumer like a product. Service quality occurs during the delivery of the service, usually through the interactions of consumers and employees (Parasuraman et al., 1985); thus service quality is intangible. Due to the absence of tangible evidence of service quality, the consumer depends on other cues to determine quality (i.e., atmospheric variables, price, and merchandise quality). Retailers may find it difficult to understand how consumers perceive service quality (Parasuraman et al., 1985).

Smith and Houston (1985) determined that satisfaction with service is related to the confirmation or disconfirmation of perceptions of service. Parasuraman et al. (1985) identified three different dimensions of service perceptions, level of materials, facilities, and personnel. This study implied that the perception of service quality is more than just an outcome: it also includes the way the service is delivered.

Hansen & Solgaard (2004) revealed that consumer perceptions of service quality exercised an important influence on store patronage intentions. The same finding was obtained by a recent study of shopping behavior that determined that consumers were more sensitive to product assortment, merchandise quality, brand identity and service quality when selecting a retail venue (Baltas & Papastathopoulou, 2003).

A recent study confirmed the importance of non-product factors like atmosphere and service perceptions on consumer patronage decisions. This study, focusing on supermarkets, determined that consumers rated location of the retailer and perceptions of facility service as the most important determinants in their decision to visit a specific supermarket (Davies & Goode, 2001). These researchers also found that services within a supermarket were perceived negatively if they were incongruent with what the consumer expected to experience. The authors draw implications regarding a variety of retail formats, including outlet malls, arguing that venues that offer consumers what they are searching for trigger a high rate of satisfaction with their atmosphere (Davies & Goode, 2001).

The links among service quality, customer satisfaction, and behavioral intentions is well supported in marketing literature (Oliver, 1997; Rust & Oliver, 1994; Anderson & Sullivan, 1993; Cronin & Taylor, 1992) and hedonic service literature (Wakefield &

Barnes., 1996; Babin et al., 1994; Wakefield & Blodgett, 1994; Turley & Fugate, 1992; Donovan & Rossiter, 1982). A common thread throughout this literature indicates that consumers with positive feelings resulting from their service experience are more likely to respond with positive outcome behaviors (Hightower et al., 2002). Consumers, as a group, tend to value the service experience above possessions (Hopkinsons & Pujari, 1999). However, consumers' overall experience can alter their behavior by affecting their perceptions of service quality. Superior service quality can enhance sales levels, profitability, positive word of mouth advertising, and repatronage behavior.

Merchandise Price Perceptions

Most previous research on merchandise price perceptions has focused on consumer value judgments of specific products as compared to the actual price of the products (Baker et al., 2002). A consumer perceives the price of a product or service as what is given up or sacrificed in order to obtain the product or service (Zeithaml, 1988; Monroe & Krishnan, 1985). Ultimately, pricing should result in a profit for the retailer and a perception of a good value by the consumer (Barnes, 1998).

Several researchers in the past have focused on the influence of price on value perceptions that affect behavioral intentions (Dodds et al., 1991; Grewal et al., 1998; Sirohi et al., 1998). These studies suggest a negative linkage: the higher the consumer perception of the price, the lower the value perceptions, a dynamic that lends to negative behavioral intentions (Baker et al., 2002). Previous research also indicates that consumers are motivated to travel beyond convenient retailers to purchase goods, even inexpensive goods (Levin, 1994). An explanation for this may be that consumers are influenced

significantly by price. This behavior may be motivated by economic considerations or by consumers' enjoyment of hunting down the lowest price for a product (Kim & Kang, 1997).

Jacoby and Olson (1977) suggested that a distinction exists between the objective and perceived price of products and services. The objective price is the actual price of the product or service, while the perceived price is what the consumer encodes (Zeithaml, 1988). Consumers may encode prices by a number (i.e., \$29.99), by category (i.e., cheap or expensive), or not at all. Encoding can also be based on atmospheric variables in the retail environment. Previous literature on this topic (Zeithaml, 1988; Allen et al., 1976) has indicated that consumers, on average, do not recall actual prices of products or services. However, they encode the prices in a personally meaningful manner (Zeithaml, 1985, 1988). This encoding can be affected by a variety of factors including the physical environment or perception of the service environment; this price perception can in turn affect consumer behavior.

A study developed by Zeithaml et al. (1996) found that price perceptions differ among demographic groups. Findings indicated the consumers with the highest price perception tend to be female, married, older, and not employed outside the home.

According to Keown (1989), price perception is one of the most influential factors in generating shopping. Keown found that the cheaper the price perception of the destination, the more popular shopping at the destination will be. In addition, Biswas and Blair (1991) determined that consumer' perceptions of a given price markdown can vary depending on the store type. As the author Lundberg writes, "Nearly everyone likes a bargain; nearly everyone likes to buy; nearly everyone likes to have a reason for going

some place different to do so” (1990, p.46). This statement underscores the importance of consumer price perceptions in retail venues such as outlet malls. The popularity of outlet malls among consumers reflects the importance attached to a good’s value, price and novelty.

Outlet Mall Merchandise Price Perceptions

A change in the mix of merchandise in outlet malls has impacted pricing. Prior to the 1990’s, merchandise in outlet malls tended to be out-of-date or defective (Clodfelter & Fowler, 1999). However, during the 1990’s, designers and brand-names like Calvin Klein, Ralph Lauren, Ann Taylor, Donna Karen, and Geoffrey Beene began using outlet stores as an additional retailing venue. Many designers are now producing product lines just for their outlet shops. Prime Retail, a developer of outlet malls, reports that 90% of their merchandise is first-run and in-season (Clodfelter & Fowler, 1999). A research study by *Value Retail News*, found that 37% of merchandise in an outlet is also stocked by their traditional counterparts simultaneously, at the tail-end of the retail life cycle (Clodfelter & Fowler, 1999).

Today, the apparel market is weak, competition is fierce, and economic conditions have increased consumer awareness of price. Retailers have adjusted to price-conscious consumers by incorporating off-price, discount, and outlet centers into their retailing channels. This change in pricing policy means a de-emphasis on value and quality, a shift in emphasis that retailers deplore (Barnes, 1998). In fact, consumers are attracted to outlet malls because of the feeling of getting both a low price and a wide selection of merchandise (Vargo, 1995). Outlet mall shoppers are convinced they are getting a bargain and enjoy the challenge of finding markdowns within the outlet mall (Clodfelter

& Fowler, 1999). Given these consumer motivations, it is advantageous to investigate the effect of merchandise price on consumer behavioral intentions in an outlet mall setting.

The current study incorporates the variable of merchandise price perceptions in the same manner as the Baker et al. (2002) study focused on how behavioral intentions are influenced by price perceptions rather than by the product per se, that is, how consumers perceive the general price level the basis of their observations of the retail environment. This way of conceptualizing price perceptions is referred to below as “merchandise price perceptions”.

Merchandise Quality Perceptions

A consumer’s perception of quality can be described as a judgment of a product’s overall excellence and superiority. A consumer’s perception of quality should not be confused with actual quality; it is a higher assessment or judgment based on the consumer’s attitudes and beliefs (Zeithaml, 1988). What one consumer perceives as a quality product, another consumer may view a product lacking in quality. Olshavsky (1985) found that quality is an overall evaluation of a product or service by a consumer, and in some ways an attitude.

Several researchers (Garvin, 1983; Parasuraman et al., 1988) have focused on the differences between objective and perceived quality. “Objective quality” is a term used in the literature to describe the actual superiority or excellence of a product or service (Zeithaml, 1988). However, in recent years researchers have debated the practice of measuring quality by selecting and weighing objective quality. Most researchers find it difficult to agree on ideal standards of quality (Zeithaml, 1988), and many researchers

claim that objective quality does not exist at all, that all quality evaluations are subjective (Maynes, 1976).

A study for General Electric developed by Morgan (1985), pointed out a difference between perceptions of appliance quality among consumers, dealers, and managers. When managers were asked how their consumers perceived quality, they listed performance and workmanship. However, consumers described quality in terms of appearance, clean-ability, and durability (Zeithaml, 1988). This study argues that quality is a perception which is subjective rather than objective.

Lutz et al. (1986) found that the higher the number of attributes a consumer assesses positively before the purchase of a product or service, in proportion to those assessed during consumption, the more likely the consumer is to experience a higher perception of quality. Zeithaml (1988) found that quality perceptions usually take place in a comparative context. Merchandise quality is evaluated as high or low depending on the level of excellence or superiority among merchandise that the consumer views as comparable. The set of merchandise used for comparison by the consumer depends on the consumer's assessment of competing products.

In a study by Mazyursky and Jacoby (1985), consumers formed quality perceptions based on brand names of merchandise more frequently than any other information. In addition, when brands were unfamiliar, price was used as a quality cue far more often than when brand names were available. Research has also determined that when a high level of risk for making an unsatisfactory purchase is involved, consumers select higher-priced products as a determinant of quality (Peterson & Wilson, 1985).

Literature on measurement of hedonic quality indicates that price is the best measure of product quality (Griliches, 1971; Zeithmal, 1988). Considerable research has investigated the relationship between price and quality (Olsen, 1977); this research generally indicates that consumers use price to determine quality if it is the only available cue (Zeithmal, 1988). However, when price is combined with other cues, including atmospheric cues, the findings become less convincing (Zeithmal, 1988).

A study by Downs (1970) found that the quality of merchandise was among the most important variables in choosing a shopping venue and that perception of merchandise quality works in conjunction with service quality to appeal to the consumer and create satisfied behaviors. Consumers' perceptions of quality and expectations are positively correlated (Swanson & Horridge, 2002). The quality of merchandise indicates a great deal about a retail store. High-quality merchandise is better received by consumers than cheaper-quality merchandise (Timothy, 2005). In addition, the study rated quality as very important in consumers' decision-making.

Fox et al. (2004) revealed that the assortment of quality goods and frequency of promotional activities are the two leading factors determining the selection of a shopping center. A recent study regarding purchasing patterns determined that the price range, quality merchandise, and assortment of the products offered were important factors when choosing between three retail formats: hypermarket, discount store or conventional supermarket (Hansen & Solgaard, 2004).

Outlet Mall Merchandise Quality Perceptions

A common misconception regarding merchandise quality in outlet malls is that all the stores are factory outlets, and therefore contain second-hand quality merchandise.

However, many of the new malls being built around the United States have only a small number of genuine manufacturers' factory outlets (Clodfelter & Fowler, 1999). Today outlet malls house discount retailers, off-price, and traditional full-priced retailers (Clodfelter & Fowler, 1999).

Bailey et al. (1999) found in a study focusing on the quality of merchandise in outlet malls that few differences existed in the quality of apparel products purchased at an outlet mall and the quality of apparel at corresponding retail stores. Consumer Reports found that made-for-outlet merchandise often is appropriately labeled. However, despite specification of origin, little difference among the apparel products existed, and the overall quality of made-for-outlet merchandise was good (Bailey et al., 1999). In the same study, more than 70% (n=700+) of the survey sample indicated that they were completely or very satisfied with the quality of merchandise purchased at the outlet mall (Bailey et al., 1999). It is imperative for researchers to understand merchandise quality perceptions in order to elicit positive behavioral intentions from outlet mall consumers.

BEHAVIORAL INTENTIONS

The goal of any organization is to increase profitability. Previous literature has indicated that customer loyalty (Hightower et al., 2002), positive word of mouth advertising (Zeithmal et al., 1996), and repatronage behavior (Fornell et al., 1996; Babkus & Boller, 1992) correlate highly with an organization's success. However, to date, literature is lacking on the effects of consumer perceptions of the environment on behavioral intentions (Bigne et al., 2005). Given that consumers interact with the physical environment and other consumers during the consumption process, it becomes critical to

understand consumers' behavioral responses (Bigne et al. 2005; Szymanski & Henard, 2001).

Consumers' behavioral responses can be affected by both situations and objects. The commonly used S-O-R paradigm indicates that a consumers' behavior toward a product or service, is regarded as a unique indicator of future behavioral intentions (Belk, 1975). Several studies attempt to develop an understanding of the experiences and emotional concepts that may explain behavioral intentions (Zins, 2002; Vitterso et al., 2000). A related congruent objective in marketing and social sciences is to understand how to influence behavioral intentions.

The earliest research on behavioral intentions is the work of Fishbein & Ajzen (1975). Fishbein & Ajzen investigated the relationship among beliefs, attitudes and intentions with respect to consumer behavior. Prior to 1980, their theory was called the Fishbein-Ajzen behavioral intention model. This model forms a part of the Theory of Reasoned Action or TRA (Ajzen & Fishbein, 1980). According to TRA, attitudes toward behaviors determine behavioral intentions. The model is considered suitable for measuring attitudes toward products or brands. These attitudes affect consumers' behavioral intentions.

Belk (1975) found that situational variables affect consumers' behavioral intentions. In his study, Belk found that a behavior regarding a product or service was impacted by the source of the behavioral influence. Belk identified five major situational variables affecting consumers, including physical surroundings, social surroundings, temporal perspective, task definition and mood states. The social surroundings include the people around the consumer, such as employees and/or other consumers. Temporal

perspective refers to the time component associated with the product or service (i.e., convenience and waiting time). The variable of task definition refers to the consumer's intent to gather information regarding the task at hand. Finally, mood states refer to how the consumer is feeling at the moment of choice influence (Price-Rankin, 2004). These situational variables are affected by a consumer's response of satisfaction or dissatisfaction with the environment. Belk proposed that physical surroundings have the largest impact on the consumer.

The Mehrabian and Russell (1974) model, along with the findings of Donovan and Rossiter (1982), proposed that consumers who derive pleasure from an experience are more likely to exhibit positive behavioral intentions, including positive word-of-mouth advertising (Bigne et al., 2005; Donovan & Rossiter, 1982; Mehrabian & Russell, 1974). Regarding willingness to pay more, it has been determined by previous research (Baker & Crompton, 2000; Wakefield & Blodgett, 1999; Zeithaml et al., 1996) that consumers who positively evaluate their experiences are more willing to pay more while in the environment (Bigne et al., 2005).

Zeithaml, Berry and Parasuraman (1996) suggested that positive behavioral intentions are correlated with a service provider's ability to 1) get their consumers to say positive things about them, 2) recommend them to others, 3) remain loyal and repurchase, 4) spend more time with them, and 5) pay higher prices. These aspects of behavioral intentions are imperative to the retailing industry and especially to outlet malls which do not have consistent consumers, but instead depend on positive behavioral intentions (Cronin et al., 2000).

Dissatisfaction with products or services typically arouse strong feelings in consumers (Woodside & King, 2001), as well as in a lack of re-patronage, and unfavorable word of mouth advertising (Baker & Crompton, 2000). Given that retaining an existing customer is less costly than acquiring a new customer (Bigne et al., 2005), understanding behavioral intentions is vital for marketers and retailers. Behavioral intentions are directly influenced by a customer's experience of satisfaction.

Misconceptions of outlet malls can lead to dissatisfied consumers. Kahneman and Tversky (1996) developed a 'prospect theory' of satisfaction, suggesting that the cost of a negative experience, misconception, or dissatisfaction with a retailer, is higher than bringing satisfaction to new customers. Consumers are more likely to express their negative experiences than their positive experiences through word-of-mouth advertising (Kahneman & Tversky, 1996). Thus if outlets are to continue enjoying the steady growth they are currently experiencing, they must cultivate a long-term relationship with their consumers. Repatronage and positive word-of-mouth advertising are the results of long-term relationships with outlet mall consumers (Barnes, 1998).

PROPOSED RESEARCH HYPOTHESES

Based on the previous literature, the following hypotheses regarding the influence of atmospherics on consumer perceptions that affect behavioral intentions (i.e., word-of-mouth advertising, willingness to recommend to others, and repatronage) are proposed.

H1: *There is a direct relationship between consumer perceptions of the exterior atmospheric variables and consumers' perceptions of:*

- (a) service quality*
- (b) merchandise price*
- (c) merchandise quality*

H2: *There is a direct relationship between consumer perceptions of the human atmospheric variable of crowding and consumers' perceptions of:*

- (a) service quality*
- (b) merchandise price*
- (c) merchandise quality*

H3: *Behavioral intentions will differ depending on consumers' perceptions of:*

- (a) service quality*
- (b) merchandise price*
- (c) merchandise quality*

H4: *Behavioral intentions will differ depending on the atmospheric variables of:*

- (a) exterior*
- (b) the human variable of crowding*

Several constructs exist within a retailing environment. It is imperative for academicians and practitioners to study the influence of atmospherics on consumer perceptions in order to more effectively understand their relationship to behavioral intentions. By understanding these relationships, outlet mall retailers can develop an effective marketing mix in order to compete in today's competitive retail marketplace.

CHAPTER 3: METHODS

The purpose of this study was to determine the influence of atmospheric stimuli (i.e., the exterior and the human variable of crowding) on consumer perceptions of service quality, merchandise price, and merchandise quality in an outlet mall. In addition, this study focuses on how these perceptions relate to behavioral intentions. This study examined perceptions and behavioral influences during a visit to an outlet mall. The hypothesized conceptual framework for this study is included in Figure 3.1. The objectives of study are to measure the variables in the research model in order to determine their relationships with one another, and thereby how they relate to behavioral intentions. The methods for the study, including instrument development, sampling, data collection procedures, and data analyses, were designed to elicit responses that would meet the objectives. This chapter gives an explanation of the methods used in this study.

Hypotheses

H1: *There is a direct relationship between consumer perceptions of the exterior atmospheric variables and consumers' perceptions of:*

- (a) service quality*
- (b) merchandise price*
- (c) merchandise quality*

H2: *There is a direct relationship between consumer perceptions of the human atmospheric variable of crowding and consumers' perceptions of:*

- (a) service quality*
- (b) merchandise price*
- (c) merchandise quality*

Research Conceptual Framework

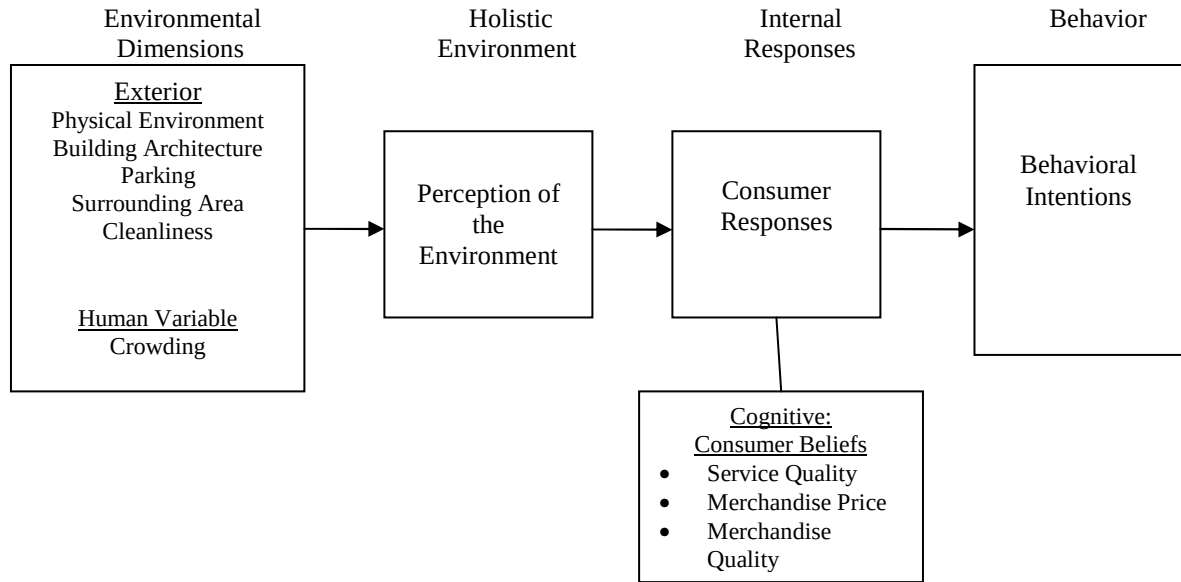


Figure 3.1: Conceptual Framework of The influence of retail atmospherics and the variable of crowding on consumer perceptions resulting in behavioral intentions.

H3: Behavioral intentions will differ depending on consumers' perceptions of:

- (a) service quality
- (b) merchandise price
- (c) merchandise quality

H4: Behavioral intentions will differ depending on the atmospheric variables of:

- (a) exterior
- (b) the human variable of crowding

Instrument Development

The first step in this study was the development and the pre-testing of the data collection instrument. A non-experimental survey design and mall intercept methodology was adopted in order to survey outlet mall consumers as they experienced the environment. The data collection instrument consisted of a series of items based on

previous research. The questionnaire, intended to determine the consumer perceptions and behavioral intentions derived from the atmospheric stimuli of the outlet mall, was composed of seven sections: 1) perceptions of the exterior atmospheric factors, 2) perceptions of the human atmospheric factor of crowding, 3) perceptions of the service quality, 4) perceptions of the merchandise price, 5) perceptions of merchandise quality, 6) behavioral intentions, and 7) demographic and background information. A paper-based copy of the questionnaire is attached in the Appendix.

Study-Questionnaire Development

The constructs in Table 3.1 were measured using multi-item scales to determine the relevance of the constructs. All items were based on previous valid research, and adapted so the content would match the focus of the current study. All items have been previously tested in various disciplines for validity and reliability. For this study, the scales were revised to include wording associated with outlet malls.

Atmospherics

Exterior Variable

The first part of the atmospheric section of the questionnaire consisted of items related to the exterior of the outlet mall. These items were derived from the conceptual works of Bitner (1992) on Servicescapes. The seven selected items based on the Servicescapes scale have been tested repeatedly and have a Cronbach alpha of .93.

Table 3.1: Constructs Sources and Reliability from Previous Research

<u>Variables</u>	<u>Reliability/Alpha</u>	<u># of Items</u>	<u>Source</u>
Exterior Atmospheric Perceptions	.93	7	Bitner, (1992)
Human Atmospheric Perceptions- Crowding	.93	4	Machleit et al. (1994)
Service Quality Perceptions	.85 & .78	5	Baker et al. (2002)
Merchandise Price Perceptions	.77 .90	2 2	Baker et al.(2002); Lichtenstein et al. (1993)
Merchandise Quality Perceptions	.77 .90	2 2	Baker et al.(2002); Lichtenstein et al. (1993)
Behavioral Intentions	.91	4	Zeithaml et al.(1996)

The seven items (Table 3.2) were scored on a five-point Likert scale with ‘five’ being ‘strongly agree’ and ‘one’ being ‘strongly disagree’. High scores indicated that respondents believed the exterior of the outlet mall was pleasant and attractive.

Human Variable of Crowding

The second part of the atmospheric section of the questionnaire focused on measuring the human variable of crowding (Table 3.2). These items were derived from the works of Machleit, Kellaris, and Eroglu (1994). These four items have been tested repeatedly, and the scales have a Cronbach alpha of .93. The items were scored on a five-point Likert scale with ‘five’ being ‘strongly agree’ and ‘one’ being ‘strongly disagree’. High scores indicated a respondent had a negative perception regarding the level of crowding while visiting the outlet mall. This is a reverse scored section.

Service Quality

The third section of the questionnaire focused on the traditional service constructs (Table 3.2). Service quality items were derived from the works of Baker et al. (2002). These five items have been tested repeatedly, and the scales have a Cronbach alpha of .85 and .78. The items were scored on a five-point Likert scale with 'five' being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated a respondent had a positive perception regarding the level of service while visiting the outlet mall.

Merchandise Price Perceptions

The next section of the questionnaire focused on monetary price perceptions (Table 3.2). The monetary price perception items were derived from the works of Baker et al. (2002) and Lichtenstein et al. (1993). The two items derived from Baker et al. (2002) have been tested repeatedly, and the scales have a Cronbach alpha of .70 and .78. The items were scored on a five-point Likert scale with 'five' being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated a respondent had a negative monetary perception regarding the merchandise available at the outlet mall.

The two items derived from Lichtenstein et al. (1993) have also been tested repeatedly, and the scales have a Cronbach alpha of .90. The items were scored on a five-point Likert scale with 'five' being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated a respondent had a positive merchandise price perception with regards to the outlet mall.

Merchandise Quality Perceptions

The fifth section of the questionnaire focused on measuring consumer perceptions of the merchandise quality (Table 3.2). The first two merchandise quality items were derived from the works of Baker et al. (2002). These two items have been tested repeatedly, and the scales have a Cronbach alpha of .70 and .78. The items were scored on a five-point Likert scale with 'five' being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated a favorable perception of merchandise quality at the outlet mall.

The next two merchandise quality items were derived from the works of Lichtenstein et al. (1993). These two items have been tested repeatedly, and the scales have a Cronbach alpha of .90. The items were scored on a five-point Likert scale with "five" being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated a respondent's favorable perception of importance regarding merchandise quality at the outlet mall.

Behavioral Intentions

The behavioral intentions section of the questionnaire consisted of four items derived from the Zeithaml et al. (1996) study. The four items focusing on behavioral intentions have a Cronbach alpha of .91. The four items (Table 3.2) were scored on a five-point Likert scale with 'five' being 'strongly agree' and 'one' being 'strongly disagree'. High scores indicated positive behavioral intentions.

Table 3.2: Questionnaire Items

Variable	Items	Reference
Exterior	1. In general, the outlet mall's physical environment pleased me. 2. The outlet mall had more than enough space for me to be comfortable. 3. The outlet mall was clean. 4. The signage used was helpful and appropriate 5. The restrooms are appropriately designed. 6. The outlet mall parking was sufficient. 7. The architecture is attractive and appropriate.	Bitner (1992)
Crowding	1. The outlet mall seemed very crowded to me. 2. The outlet mall was a little too busy. 3. There wasn't much traffic at the outlet mall during my shopping trip. 4. There were a lot of shoppers at the outlet mall.	Machleit et al., (1994)
Service Quality	1. I received very quick service while visiting the outlet mall. 2. Overall, I have received high quality service at the outlet mall. 3. During my visit to the outlet mall, I received personal attention. 4. During my visit to the outlet mall, I was treated well. 5. During my time at the outlet mall, the time I spent waiting for service was minimal.	Baker et al., (2002)
Merchandise Price	1. The merchandise at the outlet mall is higher priced than expected 2. I spent more money than expected on merchandise at the outlet mall	Baker et al., (2002)
	1. I am willing to go the extra effort to find lower prices at the outlet mall 2. The money saved by finding lower prices at the outlet mall is worth the time and effort	Lichtenstein et al., (1993)
Merchandise Quality	1. The merchandise at the outlet mall is of high quality. 2. Overall, the merchandise at the outlet mall is made well.	Baker et al., (2002)
	1. I always try to maximize the quality I get for the money I spend on merchandise at the outlet mall. 2. I generally shop around the outlet mall for lower priced merchandise, but they still must meet certain quality requirements before I will buy them.	Lichtenstein et al., (1993)
Behavioral Intentions	1. I will say positive things about going to the outlet mall to others. 2. I will recommend going to the outlet mall to someone who seeks my advice. 3. I will encourage friends and relatives to go to the outlet mall 4. I will go to the outlet mall over the next few months.	Zeithaml et al., (1996)

Demographic and Background Information

Information on the demographic and background characteristics was obtained from the consumer sample. The consumers were asked about their age, gender, ethnic group identity, education, and income. The sample was statistically described by frequency and percent measures.

Pre-Testing the Instrument

After a review of the literature, a pilot test was conducted to determine the reliability of the survey. Based on the results of the pilot test, the survey data collection instrument was constructed. The instrument was pre-tested in January 2007. A convenience sample was used (n=43). Analysis revealed a Cronbach's alpha higher than .7 for all scales (Table 3.8). The participants were employees and students at a large southeastern university located near several outlet malls, were between the ages of 18 and 60 and had visited an outlet mall within the past six months. Personal interviews were conducted with the participants after the questionnaires were completed allowing the researcher to gather feedback on the questionnaire. The researcher asked the participants if the questions were clear and if the format was easy to follow. The analysis indicated that only minor wording improvements were required. Appropriate changes were made to the data collection instrument for the main study.

Validity and Reliability

The constructs used in the research model for this study have been previously tested individually for validity and reliability resulting in scales with high Cronbach's alpha (See Table 3.1). The reliability of the data collection survey was pre-tested using

Table 3.3- Reliability determined through pre-test of questionnaire

<u>Variables</u>	<u>Reliability/Alpha</u>	<u># of Items</u>
Exterior Atmospheric Perceptions	.76	7
Human Atmospheric Perceptions- Crowding	.80	4
Service Quality Perceptions	.78	5
Merchandise Price Perceptions	.78	4
Merchandise Quality Perceptions	.79	4
Behavioral Intentions	.71	4

an n=43 and determined high Cronbach alphas (Table 3.3). The validity and reliability for the main study will be discussed further in Chapter Four.

Study Instrument Development

The format of the questionnaire was developed following Dillman's (2000) recommendations for mall intercept survey development. The questionnaire was titled 'Outlet Mall Study'. At the beginning of the survey, the participants were asked if they were over the age of eighteen. If they answered 'yes', they were asked to continue with the survey. If they answered 'no', the participants were asked to return the survey to the researcher. The format of items flowed from general to more specific items, concluding with demographic information. Each section was titled with commonly used wording to facilitate respondents' understanding. Colors and lines were used to differentiate items and to make the questionnaire easy to complete. In addition, surveys for each outlet mall were color-coded in order to differentiate locations.

Questionnaire Format

The research method for this study is mall intercept using a questionnaire format (See Appendix for copy) distributed to consumers while visiting one of three outlet malls. Three markets were selected for data collection: Hilton Head, SC; Sevierville, TN; and St. Augustine, FL. All three of the markets are popular tourist destinations throughout the year. In addition, each outlet mall is within a short drive from a medium sized city. This was taken into consideration in order to collect an appropriate sample size, independent of tourism traffic. These particular outlet malls were chosen due to their geographic proximity to the researcher. The decision to collect data at three outlet malls followed a study by Clodfelter and Fowler (1999), which focused on comparing pricing policies at three outlet mall locations.

The first market selected for data collection was St. Augustine, FL. The data were collected at the outlet mall on January 13, 2007 from 12pm to 5pm. There were eight research assistants distributing questionnaires. The weather conditions were ideal during the data collection time frame, sunny and in the low 60's. The St. Augustine Premium Outlets are located just thirty minutes south of Jacksonville and ninety minutes from Orlando. The outlet mall has eighty-five stores and a food court. St. Augustine maintains a population of 12,263. Nearby Jacksonville, FL boasts a population of 735,617; and Orlando, FL has a population of 185,951 (City-data, 2006). There were 180 surveys collected from The St. Augustine Premium Outlets.

The second market chosen for data collection was Hilton Head, SC. The data were collected at the outlet mall on January 20, 2007 from 12pm to 5pm. There were ten research assistants handing out questionnaires. The weather was windy and rainy during

the data collection. The Hilton Head Factory Stores are located twenty miles north of Savannah, GA on the island of Hilton Head. The outlet mall contains eighty stores in addition to a food court. Hilton Head Island boasts a population of 33,862; nearby Savannah, GA has a population of 134,600 (City-data, 2006). There were 220 surveys collected from The Hilton Head Factory Stores.

The third market chosen for data collection in this study was Sevierville, TN. The data was collected at the outlet mall on January 27, 2007 from 12pm to 5pm. There were eight research assistants distributing questionnaires. The weather conditions were cool and overcast during the data collection. The Tanger Outlet Center is located twenty miles east of Knoxville, TN. The outlet mall contains more than one hundred stores and a variety of eating establishments. Sevierville, TN has a population of 11, 757 and nearby Knoxville, TN boasts a population of 173,890 (City-data, 2006). There were 186 surveys collected from The Tanger Outlet Center.

Consumers were surveyed at all three outlet malls in order to obtain a sample from three types of atmospheric conditions. An attempt was made to achieve a balanced sample of men and women consumers.

Sample and Distribution Procedure

The population of interest in this study was consumers who were visiting an outlet mall. All of the data for the study were collected through mall intercept survey methods. The data collection took place over a three-week period in January 2007. Intercepts were conducted on three consecutive weekends. Research assistants approached consumers (18 years of age and older) at various locations throughout the three outlet malls. A decline was replaced by the next consumer. Each outlet mall was divided into territories and each

research assistant handled a specific territory. Examples of territories include the food court area, outside of restrooms, parking lots, and courtyards in between shops.

The consumers were asked to complete the questionnaire on site and return to the researchers when finished. Two forms of incentives were used. First, an incentive of a coupon for a free beverage was distributed to participants who chose to fill out the survey. Secondly, an incentive in the form of a drawing for three prizes was offered. The drawing for the prizes took place on February 10, 2007; winners were contacted the following week. The prizes included: 1) a two night stay at a local resort (i.e., Tennessee, Florida, or South Carolina), 2) a \$100 gift certificate to the outlet mall, and 3) a \$30 gift certificate to the outlet mall.

The research assistants were family members and friends of the author. A one-hour training session was provided prior to the data collection procedure. During the training, the research assistants were given instructions on the sampling guidelines (Appendix F).

Summary

This chapter described the methods used in developing this study. The research model for this study was based on the conceptual framework described in Chapter Two. The development of the instrument, sample selection and distribution procedures were explained. Chapter Four explains the methods of data analysis used in this study.

CHAPTER 4: RESULTS AND DATA ANALYSIS

The purpose of this chapter is to describe the results from the data gathered in this study. Chapters Two and Three stated research objectives and hypotheses, which were tested to determine relationships between atmospheric variables and perceptions of service quality, merchandise price, and merchandise quality. In addition, differences in behavioral intentions based on consumer perceptions of atmospherics, service quality, merchandise price, and merchandise quality were tested.

The data collected for this study were obtained using a mall intercept survey method explained in Chapter Three. Participants completed a thirty statement questionnaire while shopping at an outlet mall. The statements measured atmospheric variable of the exterior environment and crowding, perception of service quality, merchandise price, merchandise quality and behavioral intentions. The questionnaire also contained a demographic section which gathered data regarding participants' gender, age, ethnicity, education level and household income. A total of 586 usable surveys were collected.

Development of the Measurement

Exterior Atmospheric Perceptions

The first seven items on the questionnaire were intended to measure how the participants perceived the exterior environment of the outlet mall. The seven items on the questionnaire were combined to form a scale. Analysis using Cronbach's alpha indicated that the seven items were related and represented the construct of "exterior atmospheric perceptions" ($\alpha=.75$, Table 4.1).

Human Atmospheric Perceptions of Crowding

The next four items on the questionnaire were intended to measure if the participants perceived the outlet mall to be crowded. The four items on the questionnaire were combined to form a scale. Analysis using Cronbach's alpha indicated an $\alpha=.50$ (Table 4.1) for the four items representing the construct of "human atmospheric perceptions of crowding".

Service Quality Perceptions

The next section of the questionnaire contained five items that were intended to measure how the participants perceived the quality of service at the outlet mall. The five items on the questionnaire were combined to form a scale. Analysis using Cronbach's alpha indicated that the five items were related and represent the construct of "service quality perceptions" ($\alpha=.65$, Table 4.1).

Merchandise Price Perceptions

The next four items of the questionnaire were intended to measure how the participants perceived the price of the merchandise at the outlet mall. The four items on the questionnaire were combined to form a scale. Analysis using Cronbach's alpha indicated that the four items were related and represent the construct of "merchandise price perceptions" ($\alpha=.68$, Table 4.1).

Merchandise Quality Perceptions

The next four items on the questionnaire were intended to measure how the participants perceived the merchandise quality at the outlet mall. The four items on the questionnaire were combined to form a scale. Analysis using Cronbach's alpha indicated

that the four items were related and represent the construct of “merchandise quality perceptions” ($\alpha=.65$, Table 4.1).

Behavioral Intentions

The four final survey items on the questionnaire were intended to measure the behavioral intentions of the participants at the outlet mall. These items were combined to form a scale. Analysis using Cronbach’s alpha indicated that these four items were found to be related and represented the construct of “behavioral intentions” ($\alpha=.63$, Table 4.1).

Demographics

Of the 586 individuals who participated in the study, 377 (64.3%) were female and 209 (35.7%) were male. With regards to ethnicity, 51% were Caucasian, 26% were African American, and 21% were Hispanic. The minimum age of respondents was 18 and the maximum was 89. The mean age was 47. With regard to education, 34% of respondents held Bachelor degrees, 23% held Associate degrees, and 23% maintained Graduate degrees. The household income of the participants varied: 22% had a household income between \$45,000-\$59,999, 21% were <\$15,000, and 21% had incomes between \$90,000-\$104,999.

The frequencies and percents for the participants’ ethnicity, education and household income are listed in Tables 4.2 -4.4 respectively.

Table 4.1- Reliability of Questionnaire

<u>Variables</u>	<u>Reliability/Alpha</u>	<u># of Items</u>
Exterior Atmospheric Perceptions	.75	7
Human Atmospheric Perceptions- Crowding	.50	4
Service Quality Perceptions	.65	5
Merchandise Price Perceptions	.68	4
Merchandise Quality Perceptions	.65	4
Behavioral Intentions	.63	4

Table 4.2: Frequencies and Percents for Participants' Ethnicity

<u>Ethnicity</u>	<u>Frequency</u>	<u>Percent</u>
Caucasian	286	50.7
African American	144	25.5
Hispanic	116	20.6
Asian or Pacific American	10	1.8
Native American	4	.7
Other	4	.7

Table 4.3: Frequencies and Percents for Participants' Education

<u>Education</u>	<u>Frequency</u>	<u>Percent</u>
High School or Less	106	18.8
Associate Degree	129	22.9
Bachelor's Degree	193	34.2
Graduate Degree	127	22.5
Other	9	1.6

Table 4.4: Frequencies and Percents for Participants' Household Income

Household Income	Frequency	Percent
0	2	.4
< \$15,000	102	21.1
\$15,000-29,999	21	4.3
\$30,000-44,999	54	11.2
\$45,000-59,999	105	21.7
\$60,000-74,999	29	6.0
\$75,000-89,999	25	5.2
\$90,000-104,999	99	20.5
\$105,000-119,999	24	5.0
> \$120,000	22	4.6

Comparison of Outlet Malls

The three outlet malls were compared to determine if variables were independent or if differences existed. A series of ANOVA's and chi-square tests were conducted on the variables of age, income, gender, ethnicity and education. For the analysis, the St. Augustine Premium Outlets were labeled Mall 1, Hilton Head Factory Stores were labeled Mall 2, and The Tanger Outlet Center was labeled Mall 3.

A one-way ANOVA was conducted to determine if there were differences with regard to age by Outlet Mall. Standardized values for age were created for the three groups and a review of the resulting z-scores revealed 2 outliers. The means and standard deviations of age by Outlet Mall are listed in Table 15 (Appendix C). Levene's test was significant, suggesting the three groups had unequal variances. The degrees of freedom were adjusted to compensate for the heterogeneity of variance by using the Brown-Forsythe statistic. The ANOVA (Table 16, Appendix C) revealed a significant difference

between the groups, $F(2, 490.75) = 7.93, p < .01$. Scheffe's post hoc tests (Table 17, Appendix C) were conducted to determine which pairwise differences were significant. The tests indicated that the Mall 1 respondents were significantly younger than those from Mall 2 and Mall 3. There was not a significant difference between Mall 2 and Mall 3.

A chi-square test of independence was conducted to determine if income was independent of Outlet Mall. The chi-square was significant, $\chi^2(16) = 177.12, p < .01$ (Table 18, Appendix C). This suggests that income of consumers in three malls were significantly different. Overall, a majority (78.6%) of the wealthiest (i.e., \$105,000 income or more) respondents went to Mall 1. Only 1 (2.3%) of the respondents in the wealthiest income group went to Mall 3.

A chi-square test of independence was conducted to determine if Gender was independent of Outlet Mall. The chi-square was not significant, $\chi^2(2) = 5.80, p > .05$ (Table 19, Appendix C). This suggests that the Outlet Mall visited by the respondent was independent of gender.

A chi-square test of independence was conducted to determine if ethnicity was independent of Outlet Mall. The chi-square was significant, $\chi^2(6) = 135.07, p < .01$ (Table 20, Appendix C). This suggests that three outlet malls' visitors differed by ethnicity. Caucasians were more likely to shop at Mall 2 (51.90%), African Americans were more likely to shop at Mall 1 (50.3%) and Hispanics were more likely to shop at Mall 3 (65.8%).

A chi-square test of independence was conducted to determine if the variable of education was independent of the variable Outlet Mall. The 'Other Education' group was

removed because the original chi-square was invalid due to insufficient expected counts in three of the cells. The chi-square was significant, $\chi^2 (6) = 42.34, p < .01$ (Table 21, Appendix C). Overall, those respondents with a higher level of education were more likely to shop at Mall 1.

Five one-way ANOVA's were conducted to determine if the 3 outlet malls (St. Augustine, Hilton Head, & Sevierville) differed on the consumer perception variables of the exterior, crowding, service quality, merchandise price and merchandise quality. The means and standard deviations are displayed in Table 22 (Appendix C). The ANOVA's (Table 23, Appendix C) revealed significant differences between the outlet malls on all five dependent variables. Bonferroni post hoc tests (Table 24, Appendix C) were conducted to examine pairwise differences among the malls. Most of the post hoc tests were significant. All of the pairwise comparisons were significant for the exterior and merchandise price variables. There were only a total of 3 pairwise comparisons that did not yield significant differences.

The study hypotheses were tested by pooling the three outlet malls together to form one consumer population. This method was chosen in order to determine relationships among the variables in general outlet mall environments. This study did not focus on differences among the three outlet malls. More specifically, this study investigates overall consumer behavior during and after shopping in an outlet mall environment.

Hypotheses Testing

Hypothesis 1

Hypothesis one stated that a direct relationship exists between the exterior atmospheric variables and consumers' perceptions of service quality, merchandise price, and merchandise quality. Several bivariate Pearson correlations were calculated to determine if the exterior atmospheric variable was significantly related to consumer perceptions toward service quality, merchandise price and merchandise quality. The means and standard deviations for each variable are listed in Table 1 (Appendix C). No outliers were found among these particular variables. The correlation matrix is presented in Table 2 (Appendix C). The test revealed significant positive correlations between all the variables. The strongest correlation was between exterior and merchandise quality, $r = .68, p < .01$. Therefore, Hypotheses 1 was supported. This result suggests that consumer perceptions of the exterior environment of an outlet mall are related to their perceptions of the mall's service quality, merchandise price, and merchandise quality. The perception of the exterior had the highest correlation to the perception of merchandise quality.

Hypotheses 2

Hypothesis 2 stated that a direct relationship exists between the human atmospheric variable of crowding and consumers' perceptions of service quality, merchandise price, and merchandise quality. Several bivariate Pearson correlations were calculated to determine if the human atmospheric variable of crowding was significantly related to consumer perceptions toward service quality, merchandise price and

merchandise quality. The means and standard deviations for each variable are listed in Table 3 (Appendix C). No outliers were found among these particular variables. The correlation matrix is presented in Table 4 (Appendix C). The test revealed significant positive correlations between all the variables. Crowding was positively related to service quality ($r = .52, p < .01$), merchandise price ($r = .43, p < .01$) and merchandise quality ($r = .54, p < .01$). Therefore, Hypothesis 2 was supported. This result suggests that a consumer's perception of crowding is related to their perception of the service quality, merchandise price and merchandise quality at an outlet mall.

Hypotheses 3a

Hypothesis 3a stated that behavioral intentions will differ depending on consumers' perceptions of service quality. A one-way ANOVA was conducted to determine if there were differences among behavioral intentions by service quality (High vs. Low). Mean scores for service quality were dichotomized by taking the top 1/3 (High) and bottom 1/3 (Low). Standardized values for Behavioral Intentions were created for the two groups and a review of the resulting z-scores revealed 4 outliers which were deleted from the analysis. The means and standard deviations of behavioral intentions by service quality are listed in Table 5 (Appendix C). Levene's test was significant, suggesting the two groups had unequal variances. The degrees of freedom were adjusted to compensate for the heterogeneity of variance by using the Brown-Forsythe statistic. The ANOVA (Table 6, Appendix C) revealed a significant difference between the two groups, $F(1, 352.06) = 4.68, p < .05$. The high service quality ($M =$

4.64, SD = 0.34) group scored higher on behavioral intentions than the low service quality (M = 4.57, SD = 0.39) group. Therefore, Hypothesis 3a was supported.

Hypotheses 3b

Hypothesis 3b stated that behavioral intentions will differ depending on consumers' perceptions of merchandise price. A one-way ANOVA was conducted to determine if there were differences on behavioral intentions by merchandise price (High vs. Low). Mean scores for merchandise price were dichotomized by taking the top 1/3 (High) and bottom 1/3 (Low). Standardized values for behavioral intentions were created for the two groups and review of the resulting z-scores revealed 4 outliers which were deleted from the analysis. The means and standard deviations of behavioral intentions by merchandise price are listed in Table 7 (Appendix C). Levene's test was significant, suggesting the two groups had unequal variances. The degrees of freedom were adjusted to compensate for the heterogeneity of variance. The ANOVA (Table 8, Appendix C) failed to reveal a significant difference between the two groups, $F(1, 410.67) = 3.66, p > .05$. Therefore, Hypothesis 3b was rejected.

Hypotheses 3c

Hypothesis 3c stated that behavioral intentions will differ depending on consumers' perceptions of merchandise quality. A one-way ANOVA was conducted to determine if there were differences on behavioral intentions by merchandise quality (High vs. Low). Mean scores for merchandise quality were dichotomized by taking the top 1/3 (High) and bottom 1/3 (Low). Standardized values for behavioral intentions were

created for the two groups and review of the resulting z-scores revealed 4 outliers which were deleted from the analysis. The means and standard deviations of behavioral intentions by merchandise price are listed in Table 9 (Appendix C). Levene's test was not significant, suggesting the two groups had equal variances. The ANOVA (Table 10, Appendix C) failed to reveal a significant difference between the two groups, $F(1, 468) = 0.004, p > .05$. Therefore, Hypothesis 3c was rejected.

Hypotheses 4a

Hypothesis 4a stated that behavioral intentions will differ depending on the atmospheric variables of the exterior. A one-way ANOVA was conducted to determine if there were differences on behavioral intentions by exterior (High vs. Low). Mean scores for the exterior were dichotomized by taking the top 1/3 (High) and bottom 1/3 (Low). Standardized values for behavioral intentions were created for the two groups and a review of the resulting z-scores revealed 2 outliers which were deleted from the analysis which were deleted from the analysis. The means and standard deviations of behavioral intentions by exterior are listed in Table 11(Appendix C). Levene's test was not significant, suggesting the two groups had equal variances. The ANOVA (Table 12, Appendix C) failed to reveal a significant difference between the two groups, $F(1, 340) = 0.82, p > .05$. Hypothesis 4a was rejected.

Hypotheses 4b

Hypothesis 4b stated that behavioral intentions will differ depending on the human variable of crowding. A one-way ANOVA was conducted to determine if there

were differences on behavioral intentions by crowding (High vs. Low). Mean scores for crowding were dichotomized by taking the top 1/3 (High) and bottom 1/3 (Low).

Standardized values for behavioral intentions were created for the two groups and review of the resulting z-scores revealed 4 outliers which were deleted from the analysis. The means and standard deviations of behavioral intentions by crowding are listed in Table 13 (Appendix C). Levene's test was significant, suggesting the two groups had unequal variances. The degrees of freedom were adjusted to compensate for the heterogeneity of variance by using the Brown-Forsythe statistic. The ANOVA (Table 14, Appendix C) failed to reveal a significant difference between the two groups, $F(1, 327.74) = 2.99, p > .05$. Therefore, Hypothesis 4b was rejected.

Summary

Chapter Four presented descriptive data for the 586 participants of the study. First, the validity and reliability of the scales were presented. Secondly, the demographic results from the questionnaire were discussed. Following the demographic results, the findings from the hypothesis testing were described. Hypothesis 1, 2 and 3a were supported. Hypothesis 3b, 3c and 4 were rejected. Chapter Five provides a discussion of results presented in this chapter. In addition, Chapter Five will provide conclusions and limitations for the current study and recommendations for future research.

CHAPTER 5: CONCLUSIONS, IMPLICATIONS, AND LIMITATIONS

The purpose of this study was to investigate whether and to what degree outlet mall atmospherics associated with the exterior environment and the human variable of crowding relates to consumer perceptions of service quality, merchandise quality and merchandise price. The study further investigated if these perceptions relate to consumers' behavioral intentions. This study was unique in its focus on the retail venue of outlet malls: while the constructs represented here have previously been tested in traditional mall settings, no previous study has investigated these constructs in an outlet mall setting. Previous research on outlet malls has primarily focused on consumer typologies and geographical locations (Reynolds et al., 2002). In addition, outlet mall research mostly dates back to the 1970's, 1980's and the early part of the 1990's (Reynolds et al., 2002). Due to outlet malls becoming a popular alternative to traditional mall shopping (Reynolds et al., 2002), academicians and practitioners need to understand what influences consumers' behavioral intentions at outlet malls. This current study aims to fill this gap in the literature stream regarding outlet mall consumer behavior.

The following is a discussion of the results of this study. A summary of findings for each hypothesis is presented, followed by a discussion of their significance and implications, both managerial and theoretical. Suggestions for future research are offered and limitations of the study are presented.

Summary of Hypothesis

Hypothesis 1 stated that a direct relationship exists between the exterior atmospheric variables and consumers' perceptions of service quality, merchandise price,

and merchandise quality. Hypothesis 1 was supported by the results, which showed that a relationship exists. These findings suggest that consumers' perceptions of the exterior environment of an outlet mall are related to their perceptions of the malls' service quality, merchandise price, and merchandise quality. The perception of the exterior had the most impact on consumer perceptions of merchandise quality.

Hypothesis 2 stated that a direct relationship exists between the human atmospheric variable of crowding and consumers' perceptions of service quality, merchandise price, and merchandise quality. Hypothesis 2 was supported by the results, indicating that a relationship does exist. These findings suggest that consumers' perceptions of crowding at the outlet mall are related to their perceptions of the service quality, merchandise price and the merchandise quality.

Hypothesis 3 stated that behavioral intentions differ depending on consumers' perceptions of service quality, merchandise price, and merchandise quality. Hypothesis 3a was supported indicating that consumers' perceptions with regard to service quality are related to their behavioral intentions. Hypotheses 3b and 3c were rejected. These results indicated that the perceptions consumers have regarding the merchandise price and merchandise quality at the outlet mall are not related to their behavioral intentions.

Hypothesis 4a stated that behavioral intentions differ depending on the atmospheric variables of the exterior. Hypothesis 4a was rejected. The findings suggest that consumers' perception of the exterior are not related to their behavioral intentions.

Hypothesis 4b stated that behavioral intentions differ depending on the human variable of crowding. Hypothesis 4b was not supported by the results. These findings

indicate that consumers' perception of crowding does not relate to their behavioral intentions.

Discussion of the Findings

The current study suggests that when the exterior mall environment is perceived to be positive and appropriate, consumers rate the merchandise as higher in quality, the prices as appropriate, and the service quality as good. The perception of the exterior seems to have the strongest relationship with a consumer's perception of merchandise quality. This is congruent with previous research on traditional mall shopping behavior (Donovan & Rossiter, 1982; Pinto & Leonidas, 1994; Turley & Fugate, 1992). However, interestingly enough, these perceptions do not result in differences with regard to behavioral intentions. These findings are incongruent with previous research (Bigne et al., 2005; Mehrabian & Russell, 1974) and offer an interesting implication both theoretically and managerially. Future research should review these findings and re-test the construct in another outlet mall venue or in discount retail environments.

The findings of the study suggest that the human variable of crowding affects consumer perceptions of merchandise quality, merchandise price and the overall quality of service. This finding corroborates previous research that focused on traditional mall shopping behavior (Machleit et al., 1994; Turley & Milliman, 2000; Wakefield & Blodgett, 1994). However, consumer perceptions of crowding did not relate to their behavioral intentions in this study. These findings were incongruent with previous research on traditional mall shopping behavior (Turley & Milliman, 2000). Therefore, one implication of this study is that the perception of crowding in an outlet mall setting does not seem to relate to consumer behavioral intentions, which has been found in

previous research in other retail venues. This may indicate that consumers regard outlet malls as destinations (Reynolds et al., 2002) and are willing to tolerate heavier crowds in order to experience the uniqueness of the outlet mall shopping environment.

The current study offers interesting results regarding the relationship of perceptions of service quality, merchandise price and merchandise quality on consumer behavioral intentions. The results indicate that consumer perceptions of service quality at an outlet mall relates to their behavioral intentions. These findings were congruent with previous research (Babin et al., 2004; Turley & Milliman, 2000). However, the results of this study indicate that consumers perceptions of merchandise quality and merchandise price does not relate to their behavioral intentions. These findings offer implications both theoretically and managerially due to their incongruence with previous research. Previous research on consumer behavior and traditional mall retailing has determined that perceptions of merchandise price and merchandise quality (Babin et al., 2004; Baker et al., 2002; Hansen & Solgaard, 2004; Vargo, 1995; Ziethmal, 1988) have a significant relationship to behavioral intentions. However, interestingly, in the three outlet mall settings surveyed in this study, a relationship was only found between consumer perceptions of service quality and behavioral intentions. These results may indicate that consumers are more flexible in their expectations, and less tied to pre-conceived notions when visiting an outlet mall than when visiting traditional malls. Once again, this difference in consumer behavior may be related to consumers' identification of outlet malls as destinations (Reynolds et al., 2002).

Implications of the Study

This study offers important implications for both academicians and practitioners. The study determined that consumer may exhibit different behaviors when visiting an outlet mall. For academicians, this study adds knowledge to research streams focusing on outlet malls, atmospherics, consumer perceptions, and behavioral intentions. For practitioners, this research suggests attributes that outlet mall retailers should consider in order to compete more successfully in today's retail environment.

Managerial Implications

As the outlet mall retail format matures, gone are the days of the traditional view of the outlet mall as a warehouse facility offering only discounted and irregular merchandise. Consumer expectations for outlet malls have increased (Reynolds et al., 2002). Therefore, it is becoming essential for managers to elicit consumer feedback. Consumer feedback can help managers develop strategic decisions, including merchandise mix, pricing strategy, promotional plans, investments in customer service, physical décor and the overall atmosphere. Through consumer feedback, outlet mall managers can develop a user-friendly environment.

The results of this study suggest that outlet mall consumers have evoked different behavioral intentions than in other retailing venues. The findings indicate that the external atmosphere of the mall and the perceptions of crowding influence consumer perceptions of service quality, merchandise price and merchandise quality. Therefore, managers need to focus on the external environment of the mall and crowd control in order to elicit positive perceptions from consumers. In addition, this study indicates that consumer's perceptions of merchandise price and merchandise quality does not relate to

their behavioral intentions at an outlet mall. This finding, which is the opposite of what has been found for traditional shopping behavior, also carries implications for management: managers of outlet malls may not find it profitable to focus on these aspects as a way to elicit positive behavioral intentions, but instead should pursue other avenues of influence.

The findings of this study indicate that a consumer's perception of service quality at an outlet mall relates significantly to their behavioral intentions. This finding offers a managerial implication with regard to the importance of service quality. Management of outlet malls should focus on providing a high level of service quality in order to elicit positive behavioral intentions. Service quality was the only consumer perception in this study that was found to have a significant relationship to behavioral intentions. Therefore, in an outlet mall environment service quality is an important variable for management to focus on.

The data collected for this study represented a variety of ethnic groups. African American (26%) and Hispanic consumers (21%) were well represented in the study. These statistics offer managerial implications. Managers should consider implementing additional promotion and marketing campaigns focusing on these ethnic groups. With regard to Hispanic consumers, management should take into consideration the language barrier. The signage at all three the outlet malls did not contain Spanish wording. Considering the high percentage of Hispanic consumers represented in this study, Spanish signage would be beneficial to implement.

The three outlet malls represented in this study were compared to determine if differences existed in demographic characteristics. The findings indicated that the

consumers who visited the St. Augustine Premium Outlets were younger, wealthier, and more educated. In addition, this mall had the higher percentage of African American consumers. The findings determined that the consumers who visited the Tanger Outlet Mall in Sevierville, TN were the least wealthy and this mall had the highest percentage of Hispanic consumers. The consumers who visited the Hilton Head Factory Stores tended to be Caucasian. These findings offer managerial implications to the outlet malls which were studied. A more thorough understanding of who is shopping at each outlet mall enables management to more effectively attract these consumers through promotion and marketing.

The three outlet malls were also compared with regard to the variables represented in the study: exterior, crowding, service quality, merchandise price, and merchandise quality. The findings suggest that significant differences exist between the three outlet malls on all five dependent variables in the study. Significant pairwise comparisons were determined among the perceptions of the exterior and merchandise price among all three outlet malls. These findings offer managerial implications with regard to the outlet malls represented in the study. Management should use these findings with regard to their consumer perceptions in order to determine the most effective merchandising and marketing mix. The variables of the exterior and merchandise price were determined to be significant among all three outlet malls in this study. Therefore, management should consider the importance of these variables to their consumer's perceptions of the environment. In addition, through a more thorough analysis of their specific consumer population, management can determine how their

consumer perceives the outlet mall environment and determine what variables are working and what needs to be modified.

Overall, managers of outlet malls need to base the development of new features and services on a well-grounded understanding of their consumer base. Through consumer analysis, managers can understand where their efforts need to be focused with regard to their specific consumers and shopping environments.

Theoretical Implications

There are several theoretical implications of this study. First, this study fills a gap in retailing literature regarding outlet malls. As discussed previously, outlet mall research has addressed mainly the issues of geographic location and shopper typologies (Reynolds et al., 2002). In addition, outlet mall research stems from the last several decades, current research is limited. Since the outlet mall venue is a popular alternative to traditional shopping venues, this research offers an opportunity for theoretical development.

This study was derived from existing research focusing on how consumer behavior is influenced by atmospherics, crowding, service quality, merchandise quality, merchandise price and behavioral intentions, the majority of which has been conducted in traditional shopping venues. However, in this study the same constructs have been tested in an outlet mall environment. By focusing the study on this distinctive context, opportunities have arisen for theoretical development. Findings of this study indicated some incongruent results among outlet mall settings as compared to traditional mall settings, therefore contributing to the existing research streams.

Another theoretical implication with regard to this study is the high percentage of ethnic consumers represented. The study sample included African American (26%) and

Hispanic (21%) consumers. Research with regard to ethnic consumers is a current focus in a variety of research streams. However, ethnic group consumers have not been studied in an outlet mall setting. This study contributes to the research streams of consumer behavior and retailing due to a high ethnic group sample associated with the study. Future research should focus on ethnic consumer behavior within an outlet mall setting.

Although not specifically focused on in this research, analysis was run determining differences with regard to consumer perceptions between the three outlet malls in the study. The findings indicated significant differences on all five dependent variables between the three outlet malls. These findings offer theoretical implications for future research. Significant differences existed between the three outlet malls in this study; therefore more research should be conducted to determine why these differences were found. In addition, all the pairwise comparisons on the three outlet malls were significant with regard to the variables of the exterior and merchandise price. This finding offers theoretical implications on the importance of consumer perceptions with regard to the exterior and merchandise price in an outlet mall environment.

Finally, this study contributes to retail theory. First, the results are important due to their focus on outlet malls. Outlet malls are becoming a staple in the retailing environment but this venue has been largely ignored in retail theory. The results of this study indicate that the constructs that apply to traditional retail settings may not be appropriate for outlet malls. Secondly, consumer behavior was found to differ in an outlet mall environment from previous research. This offers implications not only for retailing theory, but also for marketing, management, and development theory. Finally, although

outlet malls may be considered in the acceptance phase of the retail cycle, retail theory focusing on outlet malls is underdeveloped.

Limitations

When reviewing the findings of this study, limitations were determined. First, the data collection focused on three consumer markets in the southeastern United States. This geographic region does not necessarily represent other regions in the United States. Though the geographic sample was deemed appropriate since the chosen outlet malls were located near large population bases, other outlet mall locations should not be ignored. A different geographic area could produce different results.

Secondly, this study surveyed consumers visiting three different outlet malls. However, the study did not compare the consumers as groups categorized by their geographic location. The outlet malls are located in three different geographical regions and thus may represent three different demographic and psychographic groups. This could be a limitation of the study since the different demographic and psychographic groups might perceive the mall atmosphere differently. In addition, each of the three outlet malls placed varying levels of emphasis on their exterior environment. Therefore, consumers' perceptions of the exterior may vary depending on the outlet mall environment they were visiting.

The three outlet malls and the consumer groups from each mall were compared to determine if differences existed among the three venues with regard to their perceptions of the environment and their relationships to behavioral intentions. Differences were determined to exist between all three outlet malls. This serves as a limitation because the three outlet malls were not found to be identical with regard to the variables being

studied. However, the malls populations were pooled in order to obtain a general idea of consumer perceptions and behavioral intentions in an outlet mall setting. Future research should take into consideration the differences existing among the various outlet malls and test the malls independently.

In addition, consumer perceptions of the retail environment may be impacted by other uncontrollable factors. Variables such as the weather, time of day, respondents mood or motivation, reference groups, and personalities of the respondents' can all affect perceptions of an environment. One limitation of this study is the inability to control these variables. Environmental factors such as the weather could not be controlled and did vary among the three geographical regions.

Finally, the survey for the study was pre-tested in January 2007. The constructs used in the survey were taken from previous research and were determined to be valid and reliable. In addition, the survey pre-test indicated high Cronbach's alpha with all the constructs being studied. However, the data for the main study indicated a low Cronbach's alpha for the construct of the human atmospheric variable of crowding ($\alpha=.50$). This is a limitation for this study.

Future Research Suggestions and Recommendations

Based on the findings of this study, some suggestions for future research are offered. First, previous research has focused on outlet malls as destinations for shopping and entertainment (Reynolds et al., 2002). Although the current study did not focus on this particular aspect, the findings of this study suggest that differences may exist between consumer behavioral intentions in a traditional shopping environment and consumer behavioral intentions in outlet malls. These differences may relate to

consumers' identification of outlet malls as destinations, thus resulting in flexibility for their expectations regarding service quality, merchandise price and merchandise quality. Future research should explore the link between consumer perceptions and destination retailing. In addition, future research should address the differences between consumers who are tourists and consumers who live within a fifty-mile radius of the outlet mall. This may affect consumer's perceptions and behavioral intentions.

An additional area of future research might involve investigating the subsequent behaviors that result from consumers' behavioral intentions. Future research should focus on what happens immediately after consumers experience stimuli at the outlet mall, in other words, how consumers behave after they have experienced the stimuli and what is the future impact of these experiences.

Also, traditional consumer behavior research has often studied the relationships consumers have with others (i.e., reference groups). Considering this, another area of potential research might involve a comparison between behavioral intentions of consumers alone and the behaviors the consumers elicit when they are shopping with others. This would be an interesting area of inquiry for outlet mall researchers, especially taking into account variables of gender and age.

Finally, the typical outlet mall consumer is convinced that outlet stores offer the same apparel as full-priced retail stores at a discounted price (Barnes, 1998). This perception should be further investigated in the field of consumer behavior and retail marketing at an outlet mall. Future research should also consider the use of path modeling to test the conceptual framework presented in this study to determine the fit of the model as a whole.

Concluding Remarks

Outlet malls have changed. Today, they are more upscale than in the past and are offering consumers service and amenities that have usually been associated with regional malls. Outlet malls are no longer offering strictly over-runs, irregulars, and out-of-season merchandise (Bailey et al., 1999). The choice of shopping at an outlet mall is in essence a lifestyle decision for many consumers (Solomon et al., 2000) involving pre-conceived notions, perceptions and ultimately behavioral intentions. As outlet malls gain popularity, both academicians and practitioners must revisit the importance of outlet mall as a vital contributor to the competitive retail environment today.

The objective of this research was to increase knowledge of the relationships between atmospherics, consumer perceptions, and behavioral intentions of outlet mall consumers. This study has both theoretical and managerial implications based on the findings of this study.

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APPENDICES

APPENDIX A- SURVEY



Outlet Mall Survey

Thank you for participating in this survey. Please answer the following questions with regards to your experience at the outlet mall as a whole.

Perceptions of the Exterior of the Outlet Mall

Part A: Please indicate to what extent you agree or disagree with the following statements with regards to your perceptions of the outlet mall as a whole. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree					Strongly Disagree	Don't Know
<i>In general, the outlet mall's physical environment pleased me.</i>	5	4	3	2	1		9
<i>The outlet mall has more than enough space for me to be comfortable.</i>	5	4	3	2	1		9
<i>The outlet mall is clean.</i>	5	4	3	2	1		9
<i>The signage is helpful and appropriate</i>	5	4	3	2	1		9
<i>The restrooms are appropriately designed.</i>	5	4	3	2	1		9
<i>The outlet mall parking is sufficient.</i>	5	4	3	2	1		9
<i>The architecture is attractive and appropriate.</i>	5	4	3	2	1		9

Perceptions of Crowding at the Outlet Mall

Part B: The following statements with regards to your perceptions of the crowd at the outlet mall as a whole. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree					Strongly Disagree	Don't Know
<i>The outlet mall seemed crowded to me.</i>	5	4	3	2	1		9
<i>The outlet mall was too busy.</i>	5	4	3	2	1		9
<i>There was little traffic at the outlet mall during my shopping trip.</i>	5	4	3	2	1		9
<i>There were a lot of shoppers at the outlet mall.</i>	5	4	3	2	1		9

Perceptions of the Service Quality at the Outlet Mall

Part B: Please indicate to what extent you agree or disagree with the following statements with regards to your perceptions of the service quality at the outlet mall as a whole. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree				Strongly Disagree	Don't Know
<i>I received very quick service while visiting the outlet mall.</i>	5	4	3	2	1	9
<i>Overall, I had received high quality service at the outlet mall.</i>	5	4	3	2	1	9
<i>During my visit to the outlet mall, I received personal attention.</i>	5	4	3	2	1	9
<i>During my visit to the outlet mall, I was treated well.</i>	5	4	3	2	1	9
<i>While visiting the outlet mall, the time I spent waiting for service was minimal.</i>	5	4	3	2	1	9

Perceptions of the Merchandise Price at the Outlet Mall

Part C: Please indicate to what extent you agree or disagree with the following statements regarding your perception of the merchandise price at the outlet mall as a whole. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree				Strongly Disagree	Don't Know
<i>The merchandise at the outlet mall is higher priced than expected.</i>	5	4	3	2	1	9
<i>I spent too much money on merchandise at the outlet mall.</i>	5	4	3	2	1	9
<i>I am willing to go the extra effort to find lower prices at the outlet mall</i>	5	4	3	2	1	9
<i>The money saved by finding lower prices at the outlet mall is worth the time and effort</i>	5	4	3	2	1	9

Perceptions of the Merchandise Quality at the Outlet Mall

Part D: Please indicate to what extent you agree or disagree with the following statements regarding your perception of the merchandise quality at the outlet mall as a whole. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree				Strongly Disagree	Don't Know
<i>The merchandise at the outlet mall was high quality.</i>	5	4	3	2	1	9
<i>Overall, the merchandise at the outlet mall is made well.</i>	5	4	3	2	1	9
<i>I always try to get the highest quality merchandise for the money I spend at the outlet mall.</i>	5	4	3	2	1	9
<i>I generally shop around the outlet mall for lower priced merchandise. However it still must meet certain quality requirements before I will buy it.</i>	5	4	3	2	1	9

Behavioral Intentions

Part E: Please indicate to what extent you agree or disagree with the following statements regarding your patronage and future intentions of the outlet mall you visited. Please circle only one answer per line, where 5 means “strongly agree” and 1 means “strongly disagree”

	Strongly Agree				Strongly Disagree	Don't Know
<i>I say positive things about going to the outlet mall to others.</i>	5	4	3	2	1	9
<i>I recommend going to the outlet mall to someone who seeks my advice.</i>	5	4	3	2	1	9
<i>I encourage friends and relatives to go to the outlet mall.</i>	5	4	3	2	1	9
<i>I will go to the outlet mall over the next few months.</i>	5	4	3	2	1	9

Background Information

Part F: *The following set of items is used for description purpose only. As with the other responses, these will be keep in strict confidentiality under all circumstances. Please check, circle or write in the answers below that are closest to your own.*

1. **What is your Gender?** _____Male _____Female

2. **What is your age as of your last birthday?** _____

3. **Which of the following best describes your racial or ethnic identification?**

_____ Caucasian	_____ African American	_____ Hispanic
_____ Asian or Pacific American	_____ Native American	_____ other

4. **What is the highest level of education you have completed?**

_____ High School or Less
_____ Associate Degree (community or technical college, two-year College)
_____ Bachelor's Degree
_____ Graduate Degree or Professional Degree
_____ Other (specify)

5. **What is you total household income (before tax)?**

_____ Less than \$15,000	_____ \$15,000-\$29,999	_____ \$30,000-\$44,999
_____ \$45,000-\$59,999	_____ \$60,000-\$74,999	_____ \$75,000-\$89,999
_____ \$90,000-\$104,999	_____ \$105,000-\$119,999	_____ Over \$120,000

Thank you for participating in our survey. We appreciate your time and effort!

APPENDIX B: INCENTIVE



If you would like to be included in the prize drawings please fill out your contact information below and return to the researcher. Your contact information will not be linked in any way to your questionnaire. The prizes include: 1) Grand prize of two night stay at a local resort, 2) \$100 gift certificate to the outlet mall, and 3) \$30 gift certificate to the outlet mall. Thank you for your participation. The drawing will take place on February 10, 2007 and the winner will be contacted the following week.

Name.....
Address.....
Phone.....
Cell.....
Email.....

Please email your information for the drawing to alyfogle@comcast.net. If you have any questions, feel free to contact the researcher at alyfogle@comcast.net or (865) 806-0644

APPENDIX C: TABLES OF FINDINGS

Table 1- *Means and Standard Deviations for Hypothesis 1*

Variable	M	SD	N
Exterior	3.05	0.80	582
Service Quality	3.19	0.92	568
Merchandise Price	3.31	0.97	583
Merchandise Quality	3.12	0.96	580

Table 2- *Bivariate Pearson Correlations for Hypothesis 1*

	Exterior	Service Quality	Merchandise Price	Merchandise Quality
Exterior	---			
Service Quality	.59**	---		
Merchandise Price	.49**	.58**	---	
Merchandise Quality	.67**	.61**	.57**	---

Note. ** Correlation is significant at the 0.01 level (2-tailed).

Table 3- Means and Standard Deviations for Hypothesis 2

Variable	M	SD	N
Crowding	3.07	0.76	585
Service Quality	3.19	0.92	568
Merchandise Price	3.31	0.97	583
Merchandise Quality	3.12	0.96	580

Table 4-Bivariate Pearson Correlations for Hypothesis 2

	Crowding	Service Quality	Merchandise Price	Merchandise Quality
Crowding	---			
Service Quality	.52**	---		
Merchandise Price	.43**	.58**	---	
Merchandise Quality	.54**	.61**	.57**	---

Note. ** Correlation is significant at the 0.01 level (2-tailed).

Table 5- *Means and Standard Deviations of Behavioral Intentions by Service Quality*

Service Quality	N	M	SD
Low	180	4.57	0.39
High	226	4.64	0.34

Table 6- *ANOVA on Behavioral Intentions by Service Quality*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	0.62	1	0.62	4.68	.03
Error	53.37	352.06	0.13		

Table 7- *Means and Standard Deviations of Behavioral Intentions by Merchandise Price*

Merchandise Price	N	M	SD
Low	219	4.59	0.41
High	205	4.66	0.32

Table 8- *ANOVA on Behavioral Intentions by Merchandise Price*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	0.50	1	0.50	3.66	.06
Error	58.38	410.67	0.14		

Table 9- *Means and Standard Deviations of Behavioral Intentions by Merchandise Quality*

Merchandise Quality	N	M	SD
Low	217	4.62	0.38
High	253	4.62	0.36

Table 10- *ANOVA on Behavioral Intentions by Merchandise Quality*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	0.001	1	0.001	0.004	.95
Error	63.44	468	0.14		

Table 11-*Means and Standard Deviations of Behavioral Intentions by Exterior*

Exterior	N	M	SD
Low	167	4.64	0.37
High	175	4.60	0.37

Table 12-*ANOVA on Behavioral Intentions by Exterior*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	0.11	1	0.11	0.82	.37
Error	46.60	340	0.14		

Table 13-*Means and Standard Deviations of Behavioral Intentions by Crowding*

Crowding	N	M	SD
Low	172	4.57	0.40
High	268	4.64	0.34

Table 14- *ANOVA on Behavioral Intentions by Crowding*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	0.42	1	0.42	2.99	.08
Error	58.25	327.74	0.13		

Table 15- *Means and Standard Deviations of Age by Outlet Mall*

Crowding	N	M	SD
St. Augustine	155	37.98	11.42
Hilton Head	202	43.92	16.41
Sevierville	160	42.86	15.56

Table 16- *ANOVA on Age by Outlet Mall*

Sum of					
Source	Squares	df	Mean Square	F	Sig.
Group	3348.06	2	1674.03	7.93	.00
Error	112681.37	490.75	219.22		

Table 17- Post Hoc Tests for Age by Outlet Mall ANOVA

Outlet Mall	Outlet Mall	Mean Difference	SE	Sig.
St. Augustine	Hilton Head	-5.94	1.58	.00
	Sevierville	-4.88	1.67	.02
Hilton Head	St. Augustine	5.94	1.58	.00
	Sevierville	1.07	1.57	.79
Sevierville	St. Augustine	4.88	1.67	.02
	Hilton Head	-1.07	1.57	.79

Table 18- Contingency Table for Outlet Mall & Income Chi-Square

	Outlet Mall		
Income	St. Augustine	Hilton Head	Sevierville
LESS THAN \$15,000	1	49	45
\$15,000-\$29,000	9	11	2
\$30,000-\$44,999	14	30	12
\$45,000-\$59,000	17	37	51
\$60,000-\$74,999	21	7	4
\$75,000-\$89,999	21	2	4
\$90,000-\$104,999	25	21	36
\$105,000-\$119,999	12	9	1
OVER \$120,000	21	0	0

Table 19- *Contingency Table for Outlet Mall & Gender Chi-Square*

	Outlet Mall		
Gender	St. Augustine	Hilton Head	Sevierville
Male	50	84	72
Female	128	136	114

Table 20- *Contingency Table for Outlet Mall & Ethnicity Chi-Square*

	Outlet Mall		
Ethnicity	St. Augustine	Hilton Head	Sevierville
Caucasian	69	150	70
African American	72	38	33
Hispanic	15	24	75
Other	16	5	0

Table 21- *Contingency Table for Outlet Mall & Education Chi-Square*

	Outlet Mall		
Education	St. Augustine	Hilton Head	Sevierville
High School or Less	15	58	32
Associates Degree	24	54	53
Bachelors Degree	75	65	53
Graduate Degree	54	39	34

Table 22- *Means and Standard Deviations of the three Outlet Malls*

	Outlet Mall								
	St. Augustine			Hilton Head			Sevierville		
Dependent Variable	M	SD	N	M	SD	N	M	SD	N
Exterior	3.96	0.52	172	2.76	0.57	200	2.48	0.41	180
Crowding	3.73	0.58	172	2.71	0.61	200	2.82	0.64	180
Service Quality	4.08	0.78	172	2.79	0.65	200	2.75	0.63	180
Merchandise Price	4.10	0.86	172	3.11	0.70	200	2.75	0.85	180
Merchandise Quality	4.16	0.74	172	2.64	0.70	200	3.11	0.97	180

Table 23- *One-Way ANOVAs on Consumer Perceptions Variables by Outlet Mall*

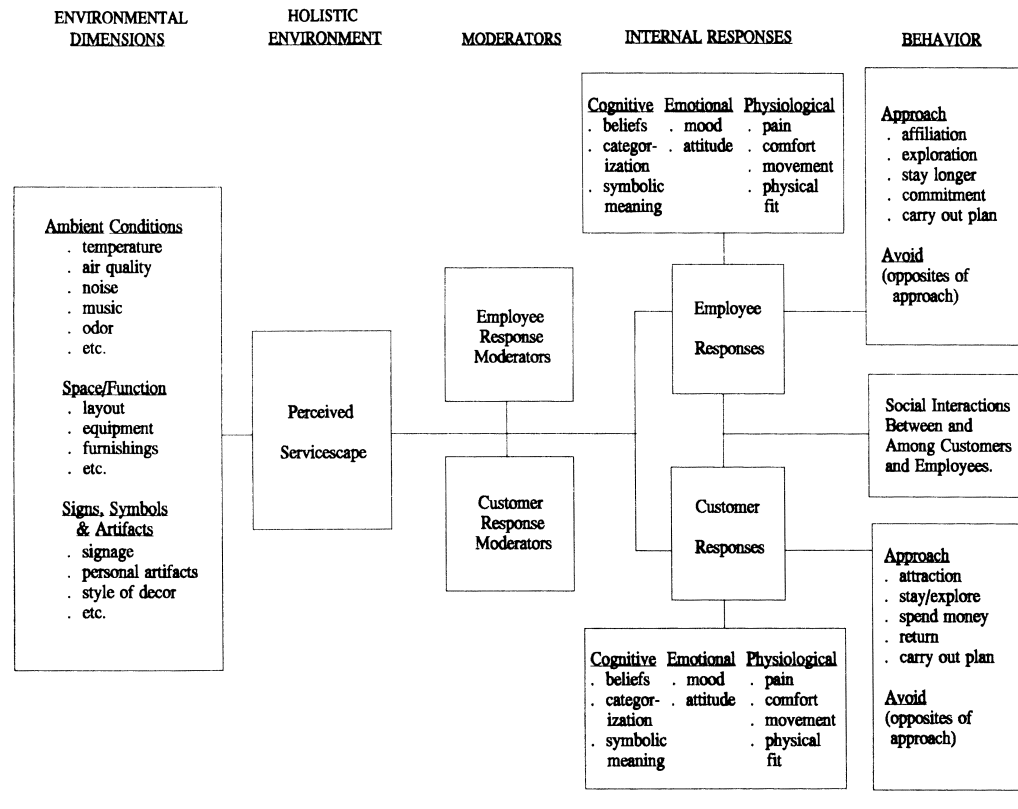
Dependent Variable		Sum of Squares	df	Mean Square	F	Sig.
Exterior	Between Groups	219.61	2	109.81	427.17	.00
	Within Groups	141.12	549	.26		
	Total	360.73	551			
Crowding	Between Groups	112.18	2	56.09	150.57	.00
	Within Groups	204.50	549	.37		
	Total	316.68	551			
Service Quality	Between Groups	202.32	2	101.16	214.87	.00
	Within Groups	258.46	549	.47		
	Total	460.78	551			
Merchandise Price	Between Groups	173.97	2	86.99	134.75	.00
	Within Groups	354.41	549	.65		
	Total	528.38	551			
Merchandise Quality	Between Groups	275.93	2	137.97	313.70	.00
	Within Groups	241.45	549	.44		
	Total	517.38	551			

Table 24- Bonferroni Post Hoc Comparisons of the three Outlet Malls

Dependent Variable	Outlet Mall	Outlet Mall	Mean Difference	Std. Error	Sig.
Exterior	St. Augustine	Hilton Head	1.21	.05	.00
		Sevierville	1.49	.05	.00
	Hilton Head	St. Augustine	-1.21	.05	.00
		Sevierville	.28	.05	.00
	Sevierville	St. Augustine	-1.49	.05	.00
		Hilton Head	-.28	.05	.00
Crowding	St. Augustine	Hilton Head	1.02	.06	.00
		Sevierville	.91	.07	.00
	Hilton Head	St. Augustine	-1.02	.06	.00
		Sevierville	-.11	.06	.28
	Sevierville	St. Augustine	-.91	.07	.00
		Hilton Head	.11	.06	.28
Service Quality	St. Augustine	Hilton Head	1.29	.07	.00
		Sevierville	1.33	.07	.00
	Hilton Head	St. Augustine	-1.29	.07	.00
		Sevierville	.04	.07	1.00
	Sevierville	St. Augustine	-1.33	.07	.00
		Hilton Head	-.04	.07	1.00
Merchandise Price	St. Augustine	Hilton Head	1.00	.08	.00
		Sevierville	1.36	.09	.00
	Hilton Head	St. Augustine	-1.00	.08	.00
		Sevierville	.36	.08	.00
	Sevierville	St. Augustine	-1.36	.09	.00
		Hilton Head	-.36	.08	.00
Merchandise Quality	St. Augustine	Hilton Head	1.52	.07	.00
		Sevierville	1.54	.07	.00
	Hilton Head	St. Augustine	-1.52	.07	.00
		Sevierville	.02	.07	1.00
	Sevierville	St. Augustine	-1.54	.07	.00
		Hilton Head	-.02	.07	1.00

APPENDIX D: BITNER'S (1992) FRAMEWORK FOR UNDERSTANDING ENVIRONMENT-USER RELATIONSHIPS IN SERVICE ORGANIZATIONS

FIGURE 2
Framework for Understanding Environment-User Relationships in Service Organizations



APPENDIX E: GLOSSARY OF DEFINITIONS

- **Atmospherics**-The conscious designing of a space to create specific effects in buyers. An effort to produce certain emotional effects in the consumer that enhance purchase probability (Kotler, 1973).
- **Behavioral intentions**- A consumers reactions to stimuli in an environment that results in: 1) positive word-of-mouth advertising by the consumer, 2) willingness to recommend the environment to others, 3) and repatronage behavior (Cronin et al., 2000).
- **Merchandise price perceptions**- A consumer perceives the price of a product or service as what is given up or sacrificed in order to obtain the product or service (Zeithaml, 1988).
- **Merchandise quality perception**- The perception of what the consumers actually gets from an exchange for merchandise (Baker et al., 2002).
- **Outlet mall**- A shopping center in which tenants are primarily stores owned and operated by manufacturers who market and distribute their products as discounted prices. Outlet centers are often found in rural or tourist centers (Clodfelter & Fowler, 1999).
- **Service quality**- An individual's evaluation of a service based on what they perceive the service performance to be (Dabholkar et al., 1996).

APPENDIX F- RESEARCH ASSISTANTS TRAINING SESSION

A one hour training session was conducted for research assistants prior to data collection. The following items were discussed.

- 1) Familiarize the research assistants with the study and the questionnaire.
- 2) Approach consumers in your territory (territories will be assigned by the researcher).
 - a) Strategy is to gather 200 surveys per outlet mall (600 over the 3 malls).
 - b) Each researcher should strive for 5 surveys per hour.
- 3) We are trying to achieve a systematic random sample. Approach every 3rd consumer. A 'no' is replaced by the next consumer.
 - a) Ask consumers if they are 18 years of age or older. If they answered 'yes', they were asked to continue with the survey. If they answered 'no', the participants were asked to return the survey to the researcher.
- 4) Explain who you are, why you are completing the survey, and the incentives being offered.
 - a) An assistant working with a researcher on a dissertation study at the University of Tennessee.
 - b) The study is looking at outlet malls and how consumers perceive the service quality, the merchandise price and the merchandise quality. How these perceptions influence their behavioral intentions.
 - c) Two forms of incentives are being offered. First, an incentive of a coupon for a free beverage is distributed to participants who choose to fill out the survey. Secondly, an incentive in the form of a drawing for three prizes. The prizes include: 1) a two night stay at a local resort (i.e., Tennessee, Florida, or South Carolina), 2) a \$100 gift certificate to the outlet mall, and 3) a \$30 gift certificate to the outlet mall.
 - i) The drawings will take place February 10, 2007 and the winners will be contacted the following week.
- 5) Hand the participant the clipboard and pen with the questionnaire attached.
 - a) Remind them to fill out the entire questionnaire.
 - i) Try and not use '9' or 'Don't Know' if possible.
 - b) In the demographic section, please be sure to fill in your age.
- 6) Once the questionnaire is completed and returned to the assistant, offer the incentive form and the coupon for the free beverage.
 - a) Therefore, the incentive form cannot be linked to the survey.
- 7) Thank the consumer for their participation.
 - a) If they offer any additional information, please write it down.

VITA

Alycia Fogle Holmes was born in Knoxville, Tennessee. She graduated from the Webb School of Knoxville in 1995. Alycia completed her undergraduate degree in Fashion Merchandising with a minor in Marketing from the University of Mississippi in 1999. After completing her undergraduate degree, she attended design school at O'More College of Design in Nashville, Tennessee studying Interior Design. After design school, she held positions as a business manager for a Physicians group, and in the business office of a large regional hospital. Alycia completed her Master of Science in Retail and Consumer Science with a cognate in Human Resource Management from the University of Tennessee, Knoxville in 2003. Immediately following graduation, she began her doctorate in the Department of Retail and Consumer Science at the University of Tennessee, Knoxville. In May 2007, she completed her doctoral program in Human Ecology with a major in Retail and Consumer Science and cognates in Marketing and Communications. Her doctoral degree will be confirmed in August 2007. Alycia is currently an Assistant Professor of Fashion Merchandising and Apparel Design at Georgia Southern University, Statesboro, GA.