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**THE EFFECTS OF THE SERVICE PROCESS ON SATISFACTION,
TRUST AND VALUE AS CREATORS OF CUSTOMER LOYALTY IN A
DAILY DEALS CONCEPT**

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ABSTRACT

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This study aims at applying the customer behaviour studies of satisfaction, trust, perceived value and loyalty to a daily deals concept. The goal is to find out whether the relationships are the same in this specific context when compared to previous e-commerce studies. The study examines how the daily deals service process affects customer satisfaction, trust and value, and how these in turn impact customer loyalty and each other. The data was collected via e-mail survey from case company customers, and research was conducted on a quantitative basis by using multivariate methods as tools. The results suggest that daily deals service process and service quality do have a direct and positive effect on customer satisfaction, trust and value. Additionally, positive correlations between the latter variables and customer loyalty were found. The results imply that the daily deals concept does not differ from other e-services when considering the studied factors. The results also emphasize the importance of recognizing what determinants have the greatest impact on customer loyalty in this specific context.

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1 INTRODUCTION

The goal for every company is to offer services or products that are trustworthy create value for the customers and fulfil their needs and expectations. Further, the goal is to attain loyal customers who make repurchases and recommend the service/product to others as well. In other words, high scores in the following dimensions: customer trust, value, satisfaction and loyalty, are highly desirable. These concepts are fundamental parts of customer behaviour studies and are therefore commonly treated more or less as self-evident (e.g. Khatibi et al., 2002; Anderson & Srinivasan, 2003; Harris & Goode, 2004). However, the concepts and the inter-relationships between them are not always as straightforward as they would seem. Plenty of research has been done to examine these relationships but the results are not unambiguous: some present them as linearly affecting others while, at the same time, others state the effects to be indirect (e.g. Reichheld et al., 2000; Reichheld & Scheffer, 2000; Ribbink et al., 2004; Donio' et al., 2006; Chen, 2012). There are also plenty of studies suggesting mediating variables exist between the concepts (e.g. Ribbink et al., 2004; Harris & Goode, 2004; Chen, 2012). Based on this, trust, value, satisfaction and loyalty seem to be very context- and industry-bound variables and customers therefore behave differently depending on the industry and service conditions. Thus, there seem to be as many results as there are studies. To shed some light on the various studies, it is important to compose a larger image based on them and see whether a common conclusion can be drawn. This makes the concepts more easily approachable in their entirety, which thenceforth helps in applying them to practice.

This research studies the effects and interrelationships between service process, trust, value, satisfaction and loyalty, of which service process, trust, value and satisfaction are seen as creators of customer loyalty. The research will be conducted in the daily deals concept. The aim is to find out how service process, trust, value, satisfaction, and loyalty affect each other in this concept and whether the relationships are similar to other e-

commerce studies. From a company's viewpoint it is important to recognise these relationships and the determinants of customer loyalty in order to design the service process accordingly. As the general customer behaviour pattern is known, more attention can be given to the key parts of the service and therefore the customer experience can be improved. Information over customer reactions can also help in customer segmentation and allows the company to provide a more customised service. This on the other hand helps to develop the customer-based viewpoint and direct suitable services and marketing actions to the right customer groups.

Daily deal websites have been prominent now for five years altogether and in Finland for nearly three. The concept is completely new and it could be seen as a mix of e-commerce, voucher marketing and advertising agency. For now the field lacks academic study of the customer behaviour. To develop a more concrete grasp of the concept and improve understanding of it, it is essential to study how customers respond to the service process, and whether customer behaviour theories can therefore be applied to it directly. Being more specific, are trust, value and satisfaction as important in determining loyalty in the daily deals concept as literature generally suggests them to be in e-commerce industry.

The aim of the study is to find out how the service process affects the customers' grades of perceived value, satisfaction and trust, and how these then affect loyalty: how does customers' opinion about the service process affect how much value they perceive, how satisfied they are, and how much trust they give to the concept in overall. Secondly the level of trust, satisfaction and value are examined to determine how each of them affects customer loyalty.

1.1 Theoretical points of departure

Customer loyalty and its effectors are widely discussed subjects in the research (e.g. Oliver, 1999; Khatibi et al. 2002; Mascarenhas et al., 2006). The theme has been studied mainly in traditional B2B and B2C concepts, for example, when finding out the sources for customer loyalty, ways to improve it, which factors affect it and so on. Also the different relationships between loyalty, trust, value and satisfaction have been reviewed (e.g. Reichheld et al., 2000; Horppu et al., 2008; Kassim & Abdullah, 2010). These subjects have been regularly applied to different production or service based companies and business areas. During the last ten years e-commerce has drawn attention to itself, as researchers have been eager to apply the traditional offline theories to online ones as well (e.g. Järvenpää et al., 2000; Luarn & Lin, 2003; Shankar et al., 2003). However, there is no such study which tests these offline or online assumptions in a daily deals concept: databases ABI Inform, Elsevier and EBSCO Host did not offer search results on the customer behaviour research focused on daily deals companies. The results based on keywords such as “voucher”, “daily deals”, and “Groupon”; cover mostly newspaper articles over the profitability of the service and the latest news in the field. The same viewpoint has been adopted by Gilman (2011) and Kumar & Rajan (2012) who study social coupons as a marketing strategy. Based on this it can be assumed that no academic study on customer behaviour exists yet on the concept of daily deals.

The daily deals concept differs widely from traditional B2B and B2C contexts. In daily deals the number of different products and services offered is vast and the offerings change daily. Based on this the customers deal with not only the daily deals company but also with the actual service provider. Due to the unconventional service processes, the outcomes of the daily deals service can have a different effect on trust, value, satisfaction, and finally no loyalty as consumers may behave differently compared to the traditional customer relationships. For example, customer’s satisfac-

tion in this service is dependent on two companies' performance, which may cause irregular causations. Also customers' trust may appear more volatile in this business field due to the "referee's" nature the daily deals have. Based on this viewpoint the possible differences in the customer behaviour will be empirically studied to find out the nature of the correlation between the factors.

1.2 Literature review

Many studies have investigated e-services for the sources of customer satisfaction, perceived value, trust and loyalty. E-services differ from traditional service setting as they lack human contact (Zott et al., 2000; Fassnacht & Koese, 2006). Thus the basis for customer retention can be different. Various studies have found online convenience and functionality to serve as a major driver for all the dependent variables (e.g. Szymanski & Hise, 2000; Reichheld et al., 2000; Evanschitzky et al., 2004; Godwin et al., 2010). In other words, effortless and easy navigation throughout the process provide customers satisfaction and assurance in the form of functional and trustworthy service (e.g. Godwin et al., 2010; Harris & Goode, 2010; Christodoulides & Michaelidou, 2011). It also is a source of value for customers and the basis for loyal behavior (e.g. Parasuraman et al., 2005; Khalifa & Liu, 2007; Chang & Tseng, 2013).

There are also a bunch of other service process variables that have proven to have impact on the dependent variables. Reliability and fulfilment appeal to satisfaction, trust and loyalty (e.g. Szymanski & Hise, 2000; Wolfinbarger & Gilly, 2003; Chiu et al., 2009; Kim et al., 2009), and customization and care are predictors of perceived value and satisfaction (Srinivasan et al., 2002; Christodoulides & Michaelidou, 2011). In addition to these, there are also multiple other variables that can impact on the studied concepts (e.g. Khatibi et al., 2002; Hwang & Kim, 2007; Lin et al., 2011). What is however evident is the big picture around these variables: service quality, which is agreed to have a direct effect on satisfaction, val-

ue, trust and loyalty (Anderson & Srinivasan, 2003; Harris & Goode, 2004; Lee et al., 2009; Lien et al., 2011). This is justified also by Parasuraman & Grewal (2000) and Fassnacht & Koese (2006), who state that service quality is the only durable asset in customer retention and competition. The service attributes are not sufficient alone to retain customers, due to which high quality is needed (Bhatty et al., 2001).

Even though many studies support direct relationship between service quality and satisfaction, trust and perceived value, the relationship to loyalty is not as straightforward (Ribbink et al., 2004). For example, Ribbink et al. (2004), Bai et al. (2008) and Godwin et al. (2010) propose satisfaction mediating the impact service quality has on loyalty. Chang & Wang (2011) and Lien et al. (2011) instead state perceived value for the mediating role. Kandampully, who stated that true loyalty is built through commitment to offer best quality and value for the customers, has argued this already in 1998. There are however also supporters of trust to the mediating position: Sousa & Voss (2009) and Wang et al. (2011) discuss the role of service failures in the service quality – loyalty relationship. Flavián et al. (2006) agree by saying the effect of service quality is mediated by trust. Kwon & Lennon (2009) on the other hand see this mediation occurring only in the early stages of customer relationship that waits to overcome the perceived risk.

Also the interrelationships of the mediating variables mentioned: satisfaction, trust and perceived value, have interested multiple researchers. To put it briefly, all the three have been proved to correlate with each other directly and positively: satisfaction with trust, trust with value, and value with satisfaction (e.g. Reichheld et al., 2000; Harris & Goode, 2004; Kasim & Abdullah, 2010). Similarly to the discussion with service process attributes, the researchers have studied which particular aspects in the three variables drive the influence. These have been for example integrity, fulfillment, perceived enjoyment, perceived price, and online ethics (Hwang & Kim, 2007; Lee et al.'s, 2009; Lin et al., 2011; Limbu et al.,

2011). In other words, on a general level the relationships mentioned are supported to a large extent (Horppu et al., 2008; Liao & Wu, 2009; Chang & Wang, 2011; Yap et al., 2012).

However, there are also studies that do not fully support the direct relationships between the three variables, and instead suggest mediators to moderate the influence. Ribbink et al. (2004) discuss trust being a mediator to perceived value in a relationship to customer loyalty. Anderson & Srinivasan (2003) on the other hand emphasize the importance of competitive environment in the relationship of satisfaction and perceived value: they state that satisfaction develops value only when the value delivered is highest in the market. Furthermore, Harris & Goode (2004) and Chen (2012) argue for indirect relationship between trust and satisfaction, and find trust only mediating the effect of satisfaction to loyalty. In other words, the correlation between satisfaction, trust and perceived value is not granted in all service settings.

Finally talking about customer loyalty, there is plenty of existing research investigating the antecedents and key drivers of customer retention. Starting with satisfaction, an excessive amount of research has been made to examine its relationship to loyalty. Many studies state that satisfaction has a direct effect on customer loyalty (Ribbink et al., 2004; Yang & Peterson, 2004; Hoq et al., 2010; Curtis et al., 2011; Kiyani et al., 2012). Thus, satisfaction works as the cornerstone for loyal customer behavior as for satisfied customers, the likelihood for repurchases and recommendations is higher (Jones & Sasser, 1995; Shankar et al., 2003; Lam et al., 2004; Bai et al., 2008). However, there are also studies that demonstrate the influence is not that clear and satisfaction is not a direct determinant of loyalty (Luarn & Lin, 2003; Balabanis et al., 2006; Donio' et al., 2006). Khatibi et al. (2002) explain this by saying that highly satisfied customers might also switch to another service provider. Therefore there exists opinion towards using mediating variables to direct the effect of satisfaction: for example Reichheld et al. (2000) and Anderson & Srinivasan (2003) speak for the

customer's individual level attributes determining whether a satisfied customer is loyal or not. Liao & Wu (2009) on the other hand speak of the significant impact of trust in the relationship.

There are also studies that indicate the direct relationship between trust and loyalty. Reichheld & Scheffer (2000) state customer loyalty being a matter of trust, and Hoq et al. (2010) argue the highest level of trust affecting loyalty directly. There are also other studies, which agree customer loyalty being built on trust, which thus plays an important role in online markets (Kandampully, 1998; Järvenpää et al., 2000; Ndubisi, 2006). Bhatti et al. (2001) and Peppers & Rogers (2006) discuss the issue in more detail by raising customer orientation and best interest as must-haves in order to build lasting relationships with customers. However, there also exist studies with different approaches: Chu (2009) prefer perceived value mediating the suggested relationship, whereas Godwin et al. (2010) and Eid (2011) find trust being a weak determinant for loyalty due to its taken-for-granted nature in today's e-commerce: customers regard trustworthiness as standard element of all e-services, due to which it does not have a major impact on loyalty.

Last but not the least, the value-loyalty relationship has also been target of multiple studies. Yang & Peterson (2004) found that customer perceived value significantly drives customer loyalty. This is agreed by Taylor et al. (2004), Chang & Wang (2011) and Chang & Tseng (2013), who all speak for the increased purchase intentions in accordance with increased customer value. Fassnacht & Koese (2006) and Mascarenhas et al. (2006) state this further: the higher value offered, the higher the level of loyalty. However, Buttle & Burton (2002) and Anderson & Srinivasan (2003) regard the relationship to be true only if the value offered is the highest in the market when compared to competitors. Additional to this, trust and satisfaction have been proposed to mediate the value – loyalty relationship, which has not been found completely direct by Ribbink et al. (2004) and Lam et al. (2004).

1.3 Research problems/questions

Main problem:

1. How do the effects of the service process on satisfaction, trust, and value create customer loyalty in a daily deals concept?

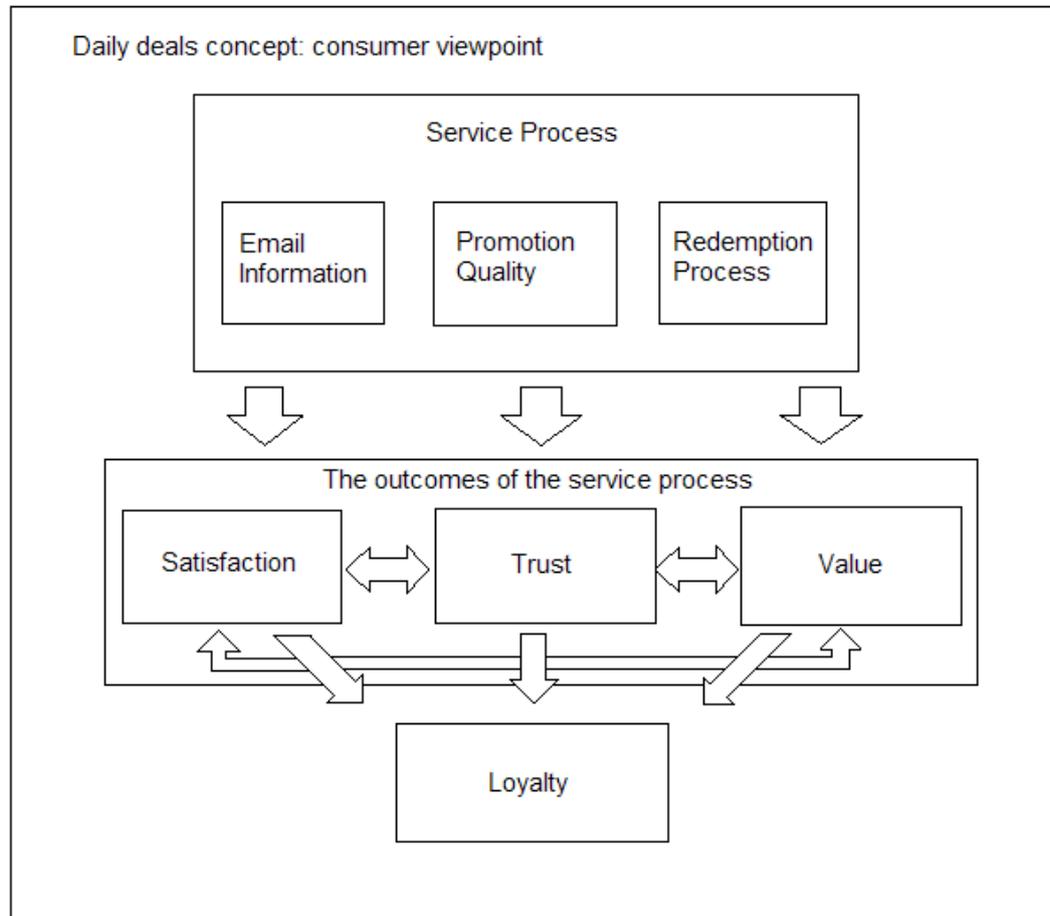
Sub problems:

2. How does the daily deals service process affect the concepts of satisfaction, trust, and value?
3. How do satisfaction, trust, and value affect customer loyalty?

1.4 Theoretical framework

The theoretical framework (see picture 1) is based on the correlation studies that examine relationships between satisfaction and loyalty, trust and loyalty, and value and loyalty. This research is about to be applied in the daily deals concept where the service process is the basis for trust, value, satisfaction and finally for loyalty.

In the framework there can be seen the daily deals service process which consists of the Email Information, Promotion Quality and Redemption Process. The outcomes of the service process and service quality affect the concepts of trust, value, and satisfaction. These three concepts then affect loyalty, and this relationship is the main concept examined. The whole loyalty creating process is examined through the consumer's point of view.



Picture 1: Theoretical framework

1.5 Definitions/key concepts

Daily deals concept

The daily deals concept provides the customers daily changing offers in three categories: local business, products and travel. The customers receive a daily newsletter covering the newest “deals”, which are also available online on the service provider’s website. The deals offer the customers an opportunity to gain new experiences, find new favourite places and save money using attractive deals over multiple categories: for example restaurants, beauty, and leisure.

Satisfaction

Customer satisfaction defines whether the consumption fulfils some need, desire or goal of the consumer and the fulfilment is thus pleasurable; in

other words, it is the outcome of the consumption evaluated in the pleasure – displeasure scale (Oliver, 1999). In e-commerce, satisfaction stands for the contentment towards the prior purchasing experiences with the given electronic commerce company (Anderson & Srinivasan, 2003). Thus, it is a consumer's post-purchase evaluation on how well the performance of the service or product met the expectations: satisfaction occurs when the performance fulfils the expectations or exceeds them; dissatisfaction on the other hand occurs when the performance does not fulfil the expectations and is therefore below them (American Marketing Association, 2013).

Trust

Trust is a customer's perception of whether the target of trust has credibility and benevolence (Doney & Cannon, 1997). It is a belief or expectation towards the service provider's expertise, effectiveness, reliability and motives (Ganesan, 1994). Thus, trust defines whether the consumer relies the service provider to deliver what it promises (Sirdeshmukh et al. 2002).

Perceived value

Perceived value is an assessment between the perceptions of what is given and what is received when purchasing a product or service. As an example, the given can stand for money, time or effort, whereas the received can denote amount, quality, convenience or time-save. (Zeithaml, 1988) In other words, customer perceived value is what remains after the minus-calculation of the given and the received, and therefore determines whether the purchase offers value for the customer or not.

Customer loyalty

Loyalty is a deep commitment towards a preferred service/product, which causes repurchases of the same brand or same brand set in the future (Oliver, 1999). True loyalty is not affected by the situational influences or marketing efforts and therefore switching behaviour does not exist. In e-commerce, loyalty is therefore a favourable attitude and commitment towards an electronic business, which result in as repeat purchase behav-

our (Srinivasan et al., 2002; Anderson & Srinivasan, 2003; Kim et al., 2009).

1.6 Delimitations

The study contains analysis of the interrelationships between the service process, trust, value, satisfaction, and loyalty, where loyalty is regarded as the aim of the other determinants. Other factors (such as switching costs, brand, price elasticity, etc.) that might have effect on the mentioned concepts are not covered. The service process and its contents are introduced but the relationships between the contents are not examined. Quality- and value-creating processes are mentioned but they are not studied further. Other customer behaviour study areas than the above-mentioned are not covered.

Daily deals have two different customer groups: consumers and businesses. However, this thesis concentrates solely on consumers and the business to consumers (B2C) side, and therefore the business to business (B2B) side is not covered as customer group. Consumers are hereinafter addressed as “customers”.

The study also focuses solely on electronic commerce as business field. Some previous literature also addresses other business fields but they are only used as a data source and the results of this study do not therefore apply to other fields. The discussion and the findings are made on the e-commerce point of view and are thus not generalizable over any other line of business.

1.7 Research methodology

The research was conducted on a quantitative basis. Quantitative research was chosen as a research method due to its statistical relevance

when compared to the qualitative method. By using qualitative methods the consumers would have been difficult to contact: for example interviews made on the streets would have probably been easily biased due to the interview setting and a thorough interview would have been impossible due to the time requirement. Furthermore identifying the actual customers would have been rather difficult. Another option, to interview customers who contact company customer service would only limit the respondents to those contacting customer service and therefore negative responses could have had a more emphasized role in the results. Therefore the results of the monthly customer satisfaction survey were the most suitable for this purpose: the data consist of over 1000 responses, all of which are given by known customers who have experience about the service. The amount of responses is large and the customers have participated into the survey voluntarily, which reduces the risk of poor quality answers. The large amount of responses also makes the results more relevant, and the conclusions are therefore more applicable and generalizable over all case company customers and the business field as well. Furthermore quantitative study is a regularly used method in similar customer behaviour studies (Srinivasan et al., 2002; Parasuraman et al., 2005; Kim et al. 2009; and Kassim & Abdullah, 2010), due to which comparing and reflecting the results to the previous studies is effortless and coherent.

The study was conducted using SAS Enterprise Guide as a tool. The multivariate methods; correlation, factor and regression analyses, were the main tools of analysis. Kolmogorov-Smirnov test and Pearson's correlation were used as preliminary tests to find out the variables' normal distribution and the estimated connections between them. Factor analysis however confirmed the variable combinations, and finally regression analysis was used to identify the direction of the correlation and the causalities between different factors.

2 THE EFFECTS OF THE SERVICE PROCESS ON TRUST, VALUE AND SATISFACTION AS CREATORS OF CUSTOMER LOYALTY

In the world of today e-commerce is a significant part of an individual's life and its importance has grown during the recent years at the highest point it has ever been to. The development has brought new kinds of customer relationships with it: it is now perfectly possible that a B2C or B2B relationship exists between parties that have never met or interacted verbally with each other. The customer relationship only exists in a graphically created environment online and all interaction is handled using technology through the Internet (Fassnacht & Koese, 2006). This setting has created new kinds of difficulties for customer relationship management and customer behavior analysis. The engagement, affection and retention creating processes and methods need to be compressed completely to website and e-marketing forms in order to stay in business. Without careful design and market research it is easy for an e-commerce company to flop if the important service areas do not fulfill customers' requirements and perform to their satisfaction. Therefore it is essential to study how customer behavior differs between online and offline worlds and whether there are specific service areas that need special focus in e-commerce. (Kassim & Abdullah, 2010)

Satisfaction, trust and loyalty have been the basis for many studies in the customer behavior field. Their direct or indirect relationships with one another have been thoroughly examined in order to find out the fundamental causalities that are not affected by the industry characteristics. During the recent decade there has been rise in research that applies these teachings to online services as well. The results received from the offline world are significantly equivalent in the e-commerce side, even though some areas are emphasized due to the special characteristics of the online market place. As the online field still remains the less studied one, this study

concentrates on the e-service applications of satisfaction, trust, perceived value and loyalty. These are interesting also from the case company point of view due to its online nature business.

2.1 Loyalty and repurchases

A concept regularly used with loyalty is repurchase (Oliver, 1999; Eid, 2011). Repurchase is strongly related to loyalty and in many loyalty measurements it is used as one of the metrics (Yang & Peterson, 2004; Donio' et al., 2006). However, there is a slight difference between the concepts. In other words, repurchase does not necessarily indicate loyalty directly (Anderson & Srinivasan, 2011). For example, when there is no possibility of choice, customers can appear to be loyal ones: a small town may have only one grocery store and the citizens repurchase regularly, as they do not have any other place to do grocery shopping. However, if the situation changes and a competing store sets up in town, the customers might prefer to do their shopping there. Therefore, repurchase behavior is only a reliable measure for loyalty if competition exists in the market. Also in the study of Curtis et al. (2011) loyalty and repurchase were found to be very strongly linked, which also supports them being used as measures for the same issue: customer loyalty. (Curtis et al. 2011. p. 4-5)

2.2 Advantages of an online environment

Online services differ from conventional offline settings in many ways. The most obvious difference is probably the lack of personal contact and feel, in other words, customers do not have the possibility for face-to-face interaction nor can they discuss choices with < company representative. Also the use of senses is limited as the sold products cannot be touched, felt or smelled in any way (Zott et al., 2000; Fassnacht & Koese, 2006). Therefore customers make their choice in online shops almost solely based on

the information given on the website, which naturally affects the perceived credibility and security. However, even though an online setting lacks some typical characteristics of offline markets, it still has certain advantages. When shopping online, customers are able to make comparison between available options a lot more easily: they can sort and group information based on their chosen characteristics and they also have more information in use. Furthermore, they can browse other customers' opinions, which also offer valuable information for decision-making. In other words, compared to offline services, online customers have more diverse information available for making better and more suitable choices. A greater amount of information in different sources also affects the customers' expectations: customers are less likely to have conflicting expectations over the product or service they are about to receive. This refers to the information available on the Internet in general, not just in one specific website. (Shankar et al. 2003. p. 157)

2.3 Why loyal customers are important in e-commerce

When comparing offline and online market places, it appears that customer loyalty is a crucial concept in both of them but the importance of it is emphasized even more in online service settings. In e-commerce acquiring new customers is very costly as customers have easy access to multiple competing services. Reichheld & Scheffer (2000) have studied the cost structure of the customer life cycle in e-commerce. They found that at first the customer relationship is unprofitable due to the high acquisition costs, which can be 20 to 40 percent higher than in offline retailing. Anderson and Srinivasan (2003) point out the same issue: as customer relationships are slower to develop into profitable ones, the importance of customer loyalty is emphasized in e-commerce. Due to the lower costs in traditional retailing, offline companies tend to be more profitable in their early years. However, after beginning, in the future years of e-commerce the profitability level of customer relationships starts to increase exponentially and the

customers spend two times more money than they do during the first months. In addition, especially on the B2B side the customers also tend to purchase more in online stores than they do in actual physical stores. This can be called a compensating effect in e-commerce; as compared to the traditional retailers the lower profits during the first years of the relationships are compensated with higher profits in later years. This highlights the importance of effort and patience put into the existing customers and turning them into loyal ones; otherwise the customers generate solely losses if the relationship with the company ends at an early stage (Reichheld & Scheffer, 2000). The business does not develop into making profits unless it retains its customers all over again (Reichheld et al., 2000).

Due to the easy access to competitors' services in online markets, it can seem that aiming at high customer loyalty would not pay itself back. Switching to another service provider is only one mouse-click away and unlike in offline retailing, customers do not need to go to that much trouble to find an alternative service online (Bhatty et al., 2001). However, despite the hectic nature of e-commerce, customers do still apply loyal behavior. In the research of Reichheld & Scheffer (2000) customer behavior was studied during many years in online markets, and the results showed customer loyalty to exist there in even stronger form than in traditional offline markets. Customers did show loyal behavior, and they could be said to seek convenience in finding one service provider to stick with (Srinivasan et al., 2002). Some even center their purchases and add shopping in their favorite online service to their daily routines.

To further address the importance of customer loyalty in online service settings, it can be said that online customers are more loyal when compared to offline shoppers. Shankar et al. (2003) examined this in their study and indeed found that e-service providers are likely to receive more loyal behavior from their customers. Furthermore, loyal customers were found to be more satisfied and satisfied customers were also found to be more loyal. In other words, due to the ease of online transactions it is far

more effortless for the service providers to attract loyal behavior. This benefit is fruitful to recognize and take advantage of. (Shankar et al., 2003)

Both high costs in customer acquisition and customers' aiming at finding one favorite online service to shop in, speak for the importance of retaining customers and maintaining customer loyalty in e-commerce. In order to gain a loyal customer base the core processes and customer reactions to them must be known by heart. Retaining customers over and over again requires understanding, for example of the service process and its different stages, customer satisfaction, perceived value, trust, and how these all affect loyalty. In the following the interrelationships and effects of the above concepts will be studied in order to gain knowledge over building customer loyalty and how the different concepts work in relation to each other.

2.4 The effects of the service process on satisfaction, trust, value and loyalty

The service process itself is the basis for attaining customers and gaining profits. It is the cause for all the consequences, such as satisfaction, trust, value and loyalty. The process is what customers see and experience, and can determine what they think about the whole service and service provider. However, the relationship between the service process and the consequences of it are an interesting issue: does the process affect the mentioned variables (satisfaction, trust, value, loyalty) directly or do some of them serve as mediators. These relationships are discussed in the following. Different viewpoints and results are reviewed in order to gain a complete overview, and to point out the possible influence of research settings and case-specific attributes.

2.4.1 Service Process - Satisfaction

Starting with satisfaction, the effect of service process seems rather simple and straightforward. As the customer experiences the service step by step, the opinion and overall experience is formed little by little. Every small detail matters but especially the moments of truth are what matter the most. In a traditional service these are normally the human contacts between the customer and the service staff. However, the moments of truth in an e-service can be slightly different due to the lack of human contact when interacting with the service provider (Zott et al., 2000; Fassnacht & Koese, 2006). Therefore the facts that provide satisfaction to the customers are likely to be dissimilar. Multiple studies have been made in order to build an understanding of what exactly customer satisfaction is based on. Each study has examined a different set of customer satisfaction determinants with positive results (Zeithaml et al., 2002; Khatibi et al., 2002). There are however two attributes that have been noticed to be of higher importance: online convenience and site design (Szymanski & Hise, 2000). The results imply that these two are essential drivers for customer satisfaction (Evanschitzky et al., 2004). Therefore, what matters most for online customers is ease of use of the website: if the online service is easy to navigate and customers do not need to use time and brains to find their way through the service process, they are likely to be satisfied (Christodoulides & Michaelidou, 2011). Time saved in information searching refers to the fact that online customers have easy access to large amounts of information, which positively affects their level of satisfaction (Shankar et al., 2003). Therefore an important pre-step is to carefully design the customer path from entering a site until exiting it: after using an e-service the customer has to be left with a feeling that the process and transaction was effortless and it really saved their time (Godwin et al., 2010). Otherwise the customer might find the service troublesome and that the transaction has stolen a part of their time, which instead creates a barrier for future visits. To avoid this and increase customer satisfaction instead, it is

essential to invest in website functionality, convenient content and customer-friendly design (Bai et al., 2008).

There are also other parts of the service process that have been studied in the search of customer satisfaction sources. When web site quality and convenience relate to the usability of the service in Internet, reliability and fulfillment refer mostly to the outcome of the service and delivering what was promised (Kim et al., 2009). In other words, convenience of use is not enough to keep the customer satisfied if the service does not fulfill the expectations and promises. Therefore in order to be satisfied, the customer has to be able to be sure the personal and financial information used in the website is kept secure and private (Szymanski & Hise, 2000; Wolfinbarger & Gilly, 2003). Furthermore, an order placed on the website has to deliver the outcome in the promised delivery time, and thus fulfill customer expectations (Wolfinbarger & Gilly, 2003; Kim et al., 2009). To be more specific, also the delivery and product quality also have an impact on customer satisfaction (Lin et al., 2011). Thus, fulfillment, responsiveness, security and reliability can be regarded as essential drivers of satisfaction with a significant and positive effect to it (Zavareh et al., 2012).

There are additional detailed determinants have result in a direct effect on customer satisfaction. In addition to the already mentioned variables, Anderson & Srinivasan (2011) have identified assortment, adaptation, and commitment to have their influence as well. Assortment simply stands for the selection of the products/services available and especially to the size of the selection. Adaptation on the other hand refers to the customization of the service to the customer's needs and interests: customers do not need to browse through the whole website to find what they are looking for. Instead, the website is able to provide customized content that fits the customers' visit history and preferences. Commitment instead demonstrates the willingness to resolve any problem and breakdown as fast as possible. It is also about working with the customer's best interest in mind in order to ensure full satisfaction. Moreover in addition to these three variables,

Christodoulides & Michaelidou (2011) found social interaction to have a positive relation to satisfaction: this refers to the ability to share experiences and concerns with other customers and building a reliable image through that.

There exist even more detailed attributes in e-services that have been studied as the predictors of customer satisfaction. However, every little piece however counts: one weak link in the service process may cause customer satisfaction ratings to be less than perfect. However, it seems that the measured service quality dimensions are largely dependent on the service setting in focus, and thus the generalization of these dimensions or their order of importance, is always somewhat problematic (Ladhari, 2010). All business fields have their own mix of variables that affect their customers' satisfaction. Thus, customer satisfaction is indeed dependent on the quality of the service but the determinants of satisfaction are very likely different according to the nature of the service. To discuss the issue on a more general level, a clear conclusion can be made: the service process, as one unit or divided into factors, does affect the customers' satisfaction (Liao & Wu, 2009). There are multiple studies that demonstrate the importance of this relationship: Lee et al. (2009) resulted with significant effect between overall e-service quality and e-satisfaction. They found e-service quality to explain 56% of variance in e-satisfaction and it therefore is an important determinant for it. Also Flavián et al. (2006) and Lien et al. (2011) provide full support for the significant and positive influence between service quality and customer satisfaction. Thus, the role of customer satisfaction cannot be questioned even in e-commerce: satisfaction remains an important corner stone in all service settings no matter the field of business (Evanschitzky et al., 2004).

Based on the above, the research can be said to be unanimous with the fact that in general, the service process – satisfaction relationship is direct and positive. Therefore the following hypothesis is suggested:

H1a: The higher the level of service quality, the higher the level of customer satisfaction.

2.4.2 Service Process – Trust

As with customer satisfaction, the service process also affects a customer's trust. What happens is each step in the process builds customer's trust piece by piece. How the service performs as a whole matters the most and determines how trustworthy a customer considers the service and the service provider to be. Again, as online services lack human contact, which is a major assurance and help for the customers, trust has to be built by other means. These are for example secure payment process, a functional and bug free website, proper information about the company, a comprehensive FAQ base, and several means of contacting customer service. Reichheld et al. (2000) state that like offline customers, profitable online customers seek convenience and ease of use, and unlike bargain-hunters, want to find one that works and can trust. Trust and profitability are built over time and experience, and it is therefore crucial that all parts of the service work as they have been promised to work. Therefore, whether the whole unit functions properly, the customers learn to trust the service purchase by purchase, and the first successful purchase encourages trying again and so on. However, even one failure in some part of the process may weaken a customer's level of trust accordingly. Anderson & Srinivasan (2003) think the same way: the service has to function well as a whole in order to acquire customer's trust. Even though the service is performed well and the customer has received what was promised, an insecure payment system can result in a lack of trust towards the whole service. Therefore the safe payments are pointed out as the basis for gaining customers' trust and the rest is all about the service performance in general.

Based on the above discussion it can be assumed that the relationship between service process and trust is direct. The relationship has been

tested by Liao & Wu (2009) who confirmed the effect to be significant between the two factors. There exists no mediating variables between the factors and a customer's trust is determined by the trustworthiness of the service as a whole. External factors to the service process, such as PR actions, build a trustworthy image for the customers as well and major failures in PR can have a detrimental effect on the level of customers' trust. However, all other things being equal, the e-service process itself works as the most important determinant for trust. This is supported by Harris & Goode (2010) who tested three dimensions of the service process: aesthetic appeal, layout and functionality, and financial security. They found out that all of them have a positive effect on customers' trust. Of these three dimensions, aesthetic appeal had the strongest influence on trust. In other words, customers made their judgment of whether the service provider is trustworthy or not based on the fact that how good it looks. This suggestion is easy to believe for e-commerce: the first impression is based on the look of the website and the customers form their opinion very quickly as to whether the company provides a high-quality and up-to-date service or not. Also the state of financial stability and professionalism can be rated solely based on the website. Very close to aesthetic appeal stands also the online brand image, which Kwon & Lennon (2009) found significantly affecting customer perceived risk.

Layout and functionality were also dimensions tested by Harris & Goode (2010), and similarly to Flavián et al. (2006), found them as important predictors of customer trust. This refers to the performance which was discussed by Reichheld et al. when stating that how the website serves its purpose and how usable it is, and its effect on how strongly customers trust it. The third dimension of Harris & Goode (2010), financial security, was also found to affect trust. This seems like very obvious linkage but was however found to be the weakest determinant for trust of the three dimensions. Yet, the correlation is evident and a weaker relationship can be explained by the similarity of trust and security as variables.

There are also other dimensions of trust that have been tested in order to clarify the influence between service quality and customer trust. Fulfillment, reliability and responsiveness were found to be direct predictors of trust (Chiu et al., 2009; Kim et al., 2009). This is no surprise: e-service can be all secure, aesthetically appealing and highly functional, but unless it delivers what it promises and serves the customer according to expectations, trust is unlikely to exist (Chiu et al., 2009). This is why fulfillment and reliable service are essential to an e-service (Kim et al., 2009).

To add even more additional attributes to the research, Hwang & Kim (2007) studied perceived web quality and different components of e-trust (integrity, benevolence and ability) and found the influence to be both significant and positive in each of the components. Furthermore they tested the effect between perceived web quality and system anxiety and found the effect to be significant and negative. This is to say perceived quality reduces the customers' unsafe feeling, and thus encourages the customer to make future visits and purchases.

To sum up the discussion, it is evident that the service process and service quality have their effect on customer's trust (Harris & Goode, 2004). The attributes of the website are probably even more important in offline markets as the opinion has to be formed more or less solely based on the website. Therefore it is evident that the relationship between service quality and trust appears direct, as justified also by Reichheld et al. (2000), Anderson & Srinivasan (2003), and Liao & Wu (2009). Despite the different dimensions studied, the researchers all agree with this, which justifies the following hypothesis to be conducted:

H1b: The higher the level of service quality, the higher the level of customer trust.

2.4.3 Service Process – Loyalty

Up to this point the service process has worked as direct determinant of satisfaction and trust. The relationship with loyalty is however another matter. The research finds the influence rather controversial and it seems that instead of direct influence many mediating factors are found. It is interesting to see whether the service process itself is the basis for customers being loyal to the service, or are there other factors needed for the experience to develop into customer loyalty.

Many researchers have conducted their studies through dividing the service process into different factors. Roushdy (2013) discusses the link between the service process and loyalty on the relationship quality perspective, and he has found three influential dimensions that affect e-loyalty positively. These three are, in order of importance transactional function, relational function and communicational function. Transactional function refers to the website design, efficiency and convenience of use, which determine whether a customer finds the service effortless to use and whether one is thus willing to use the service again for repurchases (Parasuraman et al., 2005; Chiu et al., 2009). Also Khalifa & Liu (2007) discuss this from the point of view of usefulness: whether the customer continues purchasing or not depends on how useful he or she rates the service. Broekhuizen & Huizingh (2009) agree with their customer-type approach: they found that time-save, effortless use, and enjoyment are of higher importance for purchasers, when on the other hand positive browsing experience, perceived risk and price attractiveness are more important for inquirers. This emphasizes the importance of convenience and content in order to attract purchasers instead of inquirers.

Roushy's relational function on the other hand covers the sharing and involvement aspects that usually lead to a personalized relationship between the customer and the service provider. This is similar to the customization, contact interactivity, cultivation and care attributes, which Sriniva-

san et al. (2002) and Ribbink et al. (2004) found positively affecting customer loyalty. Lastly, communicational function stands for communication and information sharing methods from the service provider to the customer and vice versa. These are for example FAQs, newsletters, customer support, and special promotions, or even community and social interaction as studied by Srinivasan et al. (2002) and Christodoulides & Michaelidou (2011). Thus, the relationship is expected to happen two-ways: not only customer sharing and involving but the service provider too has to put in effort.

Apart from the attributes mentioned, Wolfinbarger & Gilly (2003) speak for reliability, privacy and security of being predictive variables to customer retention and loyalty. Sousa & Voss (2009) and Wang et al. (2011) studied the same with service failure severity, which resulted with negative influence on customer loyalty. However, the handling of recovery has its influence too, and failure resolution and successful recovery affect customer loyalty positively. Recovery is based more on the customer service side, but the service failure itself speaks for the service quality; in other words how often service failures occur and how bug free the service is in general. Therefore in order to ensure a firm basis for customer loyalty, the service provider should preserve the customers' privacy and security, and avoid any service failures throughout the whole service process.

There are also studies that have found variables mediating the relationship of service process and loyalty. Ribbink et al. (2004) found that service quality does have an effect on customer loyalty but the relationship is not direct. Instead, the effect is mediated by trust and satisfaction. Bai et al. (2008) and Godwin et al. (2010) agree with this as their studies indicated stronger support for satisfaction being a mediator to the relationship than for service quality to affect loyalty directly. Therefore service quality affects loyalty through customer satisfaction, which works as a midway step in the relationship. Bai et al. found this mediation to work in both short- and long-term perspectives.

In addition to satisfaction, Chang & Wang (2011) and Lien et al. (2011) studied perceived value as the mediator. In their study the direct effect of e-service quality on customer loyalty was found to be less significant. Instead, they discovered that the influence was moderated by both perceived value and satisfaction. In other words, once the experience with the service provider is satisfactory and offers value for the customer, the customer is likely to continue purchases with the same service. Kandampully (1998) argue this further that true loyalty is built through service loyalty: when the service provider is committed to providing the best quality and service for customers on a constant basis. Therefore the service has to offer value for the customer in order to forge a loyal relationship.

The service failure studies of Sousa & Voss (2009) and Wang et al. (2011) can be included in the mediator discussion as well. This is due to the nature of service failures, which can be applied to customer trust: how trustworthy the service is when thinking of its performance. Can the service therefore be trusted to work properly or do the failures complicate the use of the service regularly. Based on this it can be stated that service quality affects first customers' trust towards the service; when the service cannot be trusted the repurchase intentions are much lower. In other words trust works as a mediator in the relationship between service quality and customer loyalty. This is agreed by Flavián et al. (2006), who found service quality not to affect customer loyalty directly, but through trust instead. They studied perceived website usability and the degree of trust, which resulted with trust and satisfaction being a conditioning role between the variables. Kwon & Lennon (2009) on the other hand believe the mediation only occurs in the early stages of customer relationship, and state that once the customer has overcome the perceived risk by building trust through past experiences with the merchant, it is the online brand image that builds customer loyalty in the long term instead of trust.

Despite the studies suggesting mediators to the relationship, it is evident that the roots for customer loyalty lie in the service itself, and its ability to draw customers and retain them over and over again (Zott et al., 2000). This is agreed by Zeithaml et al. (2002) and Lien et al. (2011), who also believe that service quality has an effect on customers' purchases and purchase intentions; service quality therefore appears as a key driver to customer loyalty. This suggestion sounds very logical: high quality services are likely to attract loyal customers as due to the quality the customers want to engage for the long-term in order to ensure access in the future as well. Bhatti et al., (2001) argue this with the fact that product or service attributes or their quality is necessary for attracting customers, but they are not sufficient enough on their own to retain the customers. Therefore delivering high service quality is the key to attract customers to revisit and repurchases, especially in the long term (Fassnacht & Koese, 2006). Better quality stands as the key to competitive advantage for the electronic services providers because real service quality is much harder to copy when compared to product quality and pricing methods (Parasuraman & Grewal, 2000). Once a customer has found a service of high quality then why would they switch? This works the other way around as well: if the quality is poor, the business most probably obtains a one-try customer who will not want to have a second trial. Consequently, quality is what everything else is built on.

Based on the discussion it seems that the study results provide two equally valid suggestions: service process does have a direct effect on customer loyalty, and that the relationship between the two is mediated by different factors. Depending on the research setting and business field, it is satisfaction, trust or value individually, or a mix of these three that mediate the influence service quality has on loyalty. However, even the studies supporting mediating variables don't underestimate the fundamental role of service quality. Nonetheless, the service process is what everything else stands on and it is the cause for all the consequences in customer behavior. Therefore the following hypothesis is proposed:

H1c: The higher the level of service quality, the higher the level of customer loyalty.

2.4.4 Service Process - Value

Value can be considered as the outcome of the service process. It is the sum of what has been added to the whole service throughout the process. In e-services the process usually begins when a customer first enters the webpage, and ends when a customer receives the product or service. Therefore there are many points along the way, which deliver value. These are for example navigation, ease of use, product range, product information, customer reviews, payment, delivery information, delivery time, delivery method and finally the received product/service. It could be described as a competition where customers judge the service and give points to each step in the service. Summing the points up gives the total score on how well the service worked, and therefore the sum can be regarded as the total value received. This score is then compared to the points of the competitors, which states the essential nature of value as a comparable variable.

Anderson & Srinivasan (2003) discuss customer perceived value in the competition as part of their study. They point out the importance of delivering top value for the customer: the case could be that there's nothing wrong with the service in general but it still does not offer enough value for the money. The company that creates best value for the customers, wins automatically in the long term and attracts more repurchases and loyal customers. This points out the importance of competitor research and continuous development: performing your service well is not enough if you're underperforming in competition. Due to this it is essential to aim at delivering best value in order to create profit in the long run.

To drill into more detailed analysis, different attributes of the service process and quality have been tested to find out the exact determinants of customer perceived value. Parasuraman et al. (2005) emphasize the importance of efficiency and fulfillment as the most critical determinants of web site service quality, and the strong influence they have on customer perceived value. Therefore customer value is determined by how well the e-service lives up to its promises and customer expectations: whether the service or product is delivered on time, whether the perceived quality equals the expectations, and so on.

Zott et al. (2000) on the other hand argue that transaction ease and convenient service process are essential building blocks for value creation in e-commerce. They minimize the stress experienced by customers and make it possible for customers to save time. Less stress and time save create value for customers and improve the likeliness of them being loyal customers. The same has been noticed by Chiu et al. (2009) who state the significant impact perceived ease of use has on perceived usefulness. In other words, e-service quality has a positive effect on two components of perceived value: utilitarian side and also on the hedonic side (Chang & Tseng, 2013). Therefore the service process affects how much a customer enjoys the experience, which can be said to be close to value: the service gives something back to the customer, and whether the customer enjoys the service, it is likely to offer value for him/her. In other words, perceived web quality, along with service contents, is proven to have a positive effect on perceived enjoyment (Hwang & Kim, 2007).

Without division into specific attributes, also testing service quality and perceived value as measures themselves has received positive results. Liao & Wu (2009) and Chang & Wang (2011) have discovered the significant effect between the two, which proves the relationship as direct. Also Lien et al. (2011) offer full support for significant and positive influence between service quality and perceived value. Thus, the relationship seems

very close and even obvious. Agreeing with the above researchers, the following hypothesis is used in this study:

H2: The higher the level of service quality, the higher the level of customer perceived value.

2.5 The relationship of value with trust, satisfaction and loyalty

In the previous chapter customer perceived value was found to appear as a direct outcome of the service process. However, the influence of value on trust, satisfaction and loyalty is an interesting matter. Based on the service process discussion; value, trust and satisfaction would appear as mid-level variables between service process and loyalty. It is fair to assume that the three factors work in cohesion: when one exists, the other two exist as well. Also value's impact on customer loyalty would seem direct. The relationship of value with the three mentioned variables will be studied in the following discussion.

2.5.1 Value – Trust

The development from the service settings to trust can be called a value creating process. When a customer values for example ease of use, time-save and trustworthiness above all, the service has to bring value in those areas in order to gain customer's trust and have him/her as loyal customers. Therefore Reichheld et al. (2000) present the following process: service to value, value to trust, trust to loyalty. In e-services this process can be very fast: customers can find a service to be low in value and untrustworthy within very short time, due to which it is essential that the service creates value from the very start until the end and keeps to its promises. Harris & Goode (2004) and Liao & Wu (2009) support this as their results demonstrate the positive and direct influence perceived value has on trust.

The relationship was studied also by Ribbink et al. (2004), who state the role of trust more as a mediator to customer value. It can be assumed that value has a positive effect on trust, but the results of high value service result as loyalty instead trust. Due to this trust acts more as a midway step on the way to customer loyalty. Despite this, value can be said to have impact on trust, which agrees with the discussion of Reichheld et al. and Liao & Wu. When thinking of a customer's feelings and especially disappointment, the results seem very logical: disappointment is probably the first feeling a customer has when the service does not deliver enough value. Disappointment as a feeling is very close to distrust, as a disappointed customer is probably unsure whether or not the service attended offers another disappointment in a row. A disappointed customer will likely require extra assurance in order to trust and try again; this can be in the form of guarantee, reparation service, customer service or extra compensation as examples. On the other hand, value perceiving customer is probable not to need any further assurance in order to trust the service again to make a repurchase; the expectation is to receive equal value the next time as well.

There are also other points that have been covered in the value – trust studies. For example Chiu et al. (2009) found trust to have impact on the perceived usefulness of the e-service. Flavián et al. (2006) on the other hand studied this with website perceived usability and found a positive influence on trust. Both studies speak for the importance of convenience and time saved as a customer is likely to trust the service if it functions properly and as such delivers value for the customer. Hwang & Kim (2007) studied the value delivery as customer perceived enjoyment and found it having a positive effect on two components of trust, integrity and ability. Thus, this supports the direct relationship of customer perceived value and customer trust.

The above discussion appears more or less unanimous with the fact that customer perceived value has an effect on customer's trust and the link

between them appears direct. Therefore it is straightforward to propose the following hypothesis to be used in this study as well:

H3: The level of customer perceived value and the level of customer trust correlate positively with each other.

2.5.2 Value – Satisfaction

The relationship of perceived value and satisfaction seems rather straightforward: the variables are highly expected to act more or less hand in hand. In other words, when one exist the other is likely to exist as well.

The relationship of value to satisfaction seems likewise straightforward as well. Kassim & Abdullah (2010) and Lien et al. (2011) state a full support for significant and positive influence between perceived value and customer satisfaction. Kassim & Abdullah compared the influence between two nationalities: the Qatari and Malaysian, and found no difference between them. Also various other studies demonstrated the direct influence of customer perceived value to customer satisfaction and found them as each other's consequences (Yang & Peterson, 2004; Chang & Wang, 2011; S-C. Chen, 2012). When a service is of high value, delivers what was promised, and is performed in a good way, customer is likely to be satisfied, and vice versa. Therefore it can be assumed that when there is a high level of perceived value there is also high level of satisfaction.

Lee et al.'s (2009) findings over efficiency and fulfillment are also relevant for the discussion. If a customer is satisfied with the website features and believes they make the shopping effortless, the website can be considered to bring value to the customer. Therefore efficiency can also be regarded as one method of measuring value. Also, whether the website offers service that enable customer to assess whether the perceptions of fulfillment were lived up to, the fulfillment can also be said to deliver value for the customer. Therefore, significant positive influence between web site system satisfaction, website information satisfaction, efficiency and fulfillment

can be regarded as positive influence between satisfaction and value. Flavián et al. (2006) agrees with this in his study of perceived website usability and website user satisfaction: website usability offers the customer an efficient way to conduct errands in a timely manner. As such, the customer is satisfied with the convenience and has received additional value in the form of time save. Lin et al. (2011) take part in the discussion from the point of view of perceived price and perceived service quality, and likewise find them influencing customer satisfaction directly. Perceived price implies the desirability of the price and thus determines whether the customer receives best value for the money spent. This, along with the level of perceived service quality, is suitable to define the level of customer satisfaction.

Anderson & Srinivasan (2003) however take a different approach when turning the relationship the other way around: they discussed that customer satisfaction does not necessarily result in a perceived value. They clarified that the customer can be perfectly satisfied with the service he or she receives, but the service might still not be the best value: the competitors might be able to deliver more value for money, which could easily be the case with smaller competitors when comparing to market leaders. The market leader might offer for example more convenience and wider product range, when at the same time the smaller competitors do their work well but cannot offer the same benefits. Therefore, a satisfied customer does not necessarily feel that she has received the best value for the money.

Even though the study of Anderson & Srinivasan doubted the linearity of value – satisfaction –relationship, it is still obvious that the two variables have a link with each other and both affect positively to the other. Based on this the following hypothesis is suggested:

H4: The level of customer perceived value and the level of customer satisfaction correlate positively with each other.

2.5.3 Value – Loyalty

Value – loyalty relationship is probably the most interesting one of the value influence variables. Many studies have found customer perceived value to have a significant impact on customer loyalty (e.g. Yang & Peterson, 2004; Liao & Wu, 2009; Chang & Wang, 2011). Among others, Chang & Tseng (2013) found a positive influence between customer perceived value and customer loyalty: they found both utilitarian and hedonic value motivating the customer's purchase intention. In other words, it is important to emphasize the shopping value for the customers in order to increase their repurchase intentions (Chiu et al., 2009). This refers especially to the behavioral side of loyalty, which refers to the idea that a customer receives value for example in the form of time save or ease of use, and appears loyal due to that (Taylor et al., 2004). As such, the relationship between value and loyalty indeed appears as direct.

However, the level and quality of value have a high importance in the relationship; when the advantages of the product or service are unique, value is a key influence on loyalty. Customers tend to choose certain products due to their superior value when compared to other competing services. If customers feel that the product/service is of value to them, they are likely to ensure access to it in the future as well by repurchases or revisits. However, value only develops to loyalty in the highest levels of value: when a service offers less value for the money than the competing ones at market, customers are likely to switch to the better. In other words, a customer can be both satisfied and regard the service received as valuable, but the service may still be only mediocre if there is a service that offers higher value. For example, a service performing according to its promises and delivering real benefit to its customers in a daily business may still operate in a category of mediocre value whether a competing service provider exists offering more tools or benefits with their service. In this case the competitor wins the battle, as the value received through their service is highest in the market. Therefore it is important that a company when

analyzing customer feedback, does not only lull itself with high value and satisfaction rates but also reflects them to the rates and performance of the competitors. (Buttle & Burton, 2002; Anderson & Srinivasan, 2003)

Contrary to the previous case where value was considered to directly affect loyalty, Ribbink et al. (2004) propose the value-loyalty relationship to stand as indirect: value setting of the e-service does have a positive effect on customer loyalty, but the effect is directed through trust and satisfaction. Therefore value and quality of the service are the basis for customer satisfaction and trust, which then mediate the effects of customer loyalty. This mediating relationship was confirmed as well by Lam et al. (2004), who divided loyalty into factors of recommendation and patronage. They found satisfaction to mediate customer value and loyalty relationship directly: when customer value is high, satisfaction and loyalty are high as well, and vice versa. This was proved right especially in the recommendation side, but in patronage, satisfaction was found to mediate the effect only partially. Chu (2009) on the other hand proposes value itself to be in a mediating position. The moderating effect is valid in the trust – loyalty relationship: trust itself is not sufficient to guarantee loyal customers, due to which customer value is needed before loyalty is developed. In other words, the service has to be trustworthy and provide high value for the customer; otherwise the loyal behavior does not occur.

Overall the discussion in earlier studies can be regarded to support the positive relationship of perceived value and loyalty. Parasuraman & Grewal (2000) explain this with technology, which in e-service settings is most likely to have an effect on customer value perception, and thus, enforces the impact perceived value has on customer loyalty. Therefore, in order to improve customer loyalty, investments should be made on customer perceived value (Luarn & Lin, 2003). This is done by improving service and website quality and also by focusing on clever pricing. However, these alone are not sufficient, and service quality has to be superior in order to gain an enduring competitive advantage. Parasuraman & Grewal (2000)

discuss that real service quality is much harder to copy when compared to product quality and pricing methods. Fassnacht & Koese (2006) argue that delivering high service quality is the key to attract customers to revisits and repurchases, especially in the long term. Better quality stands as the key to competitive advantage for the electronic services providers. Mascarenhas et al. (2006) discuss the same with the different stages of their loyalty ladder: first the perceived net benefits are enough for random and repeat purchases, but in order to build a loyal relationship with customer, the value offered and received must be of superior level compared to the competition. Furthermore the service has to offer value in a personal and bonding level. Therefore, the level of value determines also the level of customer loyalty: the higher the value offered, the higher the level of customer loyalty.

Even though few studies do not find value to have a direct effect on customer loyalty, the importance of value as a determinant to loyalty was nonetheless emphasized. Also, the majority of the articles studied did result in a causal relationship between the two factors, due to which the following hypothesis is proposed:

H5: The higher the level of customer perceived value, the higher the level of customer loyalty.

2.6 The relationship of satisfaction with trust and loyalty

Satisfaction can be called one of the most essential concepts of customer behavior studies. Which aspects affect customers' satisfaction, how satisfaction is built, developed and decreased are widely discussed questions probably in all business fields. The sources of satisfaction are not covered further, but like with value above, the implications of satisfaction on trust and loyalty are examined: does satisfaction and trust prove to appear

more hand in hand like speculated previously, and does satisfaction's relationship to loyalty appear as intricate as it appeared with value?

2.6.1 Satisfaction – Trust

Szymanski & Hise (2000) examined the drivers of customer satisfaction in e-commerce. They found that financial security, among others, had a significant effect on customer satisfaction. In other words, for the customers to be satisfied with the e-service they have to find it first secure and trustworthy; if they do, they are very likely satisfied. Therefore the findings can be said to suggest trust being an essential building block for satisfaction and that there is no high level satisfaction without high level of trust. Kim et al. (2009) agree with this by confirming the positive correlation between the variables also in their results. Ribbink et al. (2004) instead found e-satisfaction to drive e-trust. Therefore the variables are not independent but satisfaction works as enabler to trust. Also Kassim & Abdullah (2010) stated customer satisfaction having a significant effect on trust. Like Ribbink et al. they propose that a satisfied customer is more likely to trust the e-service than an unsatisfied one. Due to this satisfaction and trust seem to work simultaneously: when one exist, the other is expected to exist as well. In other words, they both appear to be very close variables, and as such treating them as one concept instead of one could be feasible.

The issue has been studied from a different point of view by Limbu et al. (2011), who used online ethics as basis for satisfaction and loyalty. The factors covered in their study were non-deception, fulfillment and security, which can be composed together to a single concept: trust. This is due to the similarity of the concepts: security of the online service is highly linked to trust in the same way as non-deception is linked to trust too; customer expects the service to be secure and non-deceitful in order for him/her to trust it. Also fulfillment can be related to trust as it stands for keeping one's promises. In the study of Limbu et al. trust was therefore found to significantly predict web site satisfaction. Here trust works as basis for satisfac-

tion and the concepts would appear in this order in a so-called hierarchy. This is supported by Horppu et al. (2008), Liao & Wu (2009) and Yap et al. (2012) as they confirmed the positive influence trust has on customer satisfaction. As a result, it can be assumed that when non-deception, fulfillment and security, are correctly managed in an e-service, a customer is very likely to be both satisfied and trusting. Trust would therefore have a direct effect on satisfaction.

Alternative opinions on an indirect relationship between satisfaction and trust also exist. Harris & Goode (2004) and S-C. Chen (2012) provide only partial support for the relationship. S-C. Chen argues further that trust only mediates the effect of satisfaction on customer loyalty and therefore trust and satisfaction are not a cause and consequence to each other. Anderson & Srinivasan (2003) agree with this: they propose the relationship as indirect and trust being more a moderating factor for satisfaction than an outcome. A satisfied customer does not necessarily trust the service in general; the service can deliver its purpose very well to the customer but if, for example, the payment terms do not appear as secure, the customer does not trust the service. In their later study in 2011 Anderson & Srinivasan further state that a low level of trust causes stronger relationship between satisfaction and loyalty. Based on this it cannot be said that satisfaction results in trust, but that trust instead, works as an effector to satisfaction. Neither is therefore cause or consequence to one another and the level of each variable is not dependent on the other. Godwin et al. (2010) also did not support trust's impact on satisfaction. They explained their results with the "must have" nature of trust in e-business, due to which trust is more of a basic feature in all e-commerce. In other words, trustworthiness is taken for granted and it therefore does not have a large impact on the customer's level of satisfaction. Thus, trust is no longer a major concern for today's online shoppers, whereas other features receive more emphasis.

Again, many opinions exist against the satisfaction-trust relationship: some see the two as more independent variables, when others see the relationship as clearly direct. However, even though the two wouldn't have a truly causal relationship, it is clear that they have a strong link between them and both affect positively to the other. Based on the majority of the research studied, the following hypothesis is proposed:

H6: The level of customer satisfaction and the level of customer trust correlate positively with each other.

2.6.2 Satisfaction – Loyalty

An easy conclusion would state satisfaction affecting loyalty directly as satisfied customers are likely to use well-proven service again. This positive effect of satisfaction on loyalty has rarely been questioned but the direction of the relationship has been examined thoroughly: is the relationship truly causal and straightforward or are there other variables that cause the relationship to be dependent on others factors.

Multiple studies have anonymously stated satisfaction to have a strong and direct effect on customer loyalty (e.g. Khalifa & Liu, 2007; Eid, 2011; Christodoulides & Michaelidou, 2011; Curtis et al., 2011). Satisfied customers feel positive about the service provider and the offered products/services, and this increases the probability to continue the customer relationship: greater customer satisfaction leads to greater customer loyalty (Flavián et al., 2006). Even one positive experience makes the customer more willing to try out the seller's products and services again. Thus, satisfaction plays a large role in a customer's decision-making when deciding whether or not to continue as a service provider's customer, and is therefore a key driver of customer loyalty (Kim et al., 2009; Roushdy, 2013). Positive experiences also increase expectations for receiving satisfactory service in the future as well and thus satisfied and loyal customers accept more disappointments and unsatisfactory occurrences (Shankar et

al., 2003). Customers with only negative experiences on the other hand are less likely to be loyal and give a second chance to the service provider as they expect unsatisfactory service also in the future and want to avoid the risk of recurring disappointment (Anderson & Srinivasan, 2003). Therefore the likelihood for satisfied customers in making repurchases is higher both in short- and long-term (Bai et al., 2008; Lam et al., 2004). Also Lee et al. (2009) found e-satisfaction to explain half of the variance in customer repurchase intentions, which can be regarded as one predictor of loyal customer behavior.

In addition to repurchases, other generally accepted antecedents for loyalty are word of mouth and recommendation. Recommendation stands for the probability to recommend the service received to family and friends (Lam et al., 2004). According to general acceptance, satisfied customer is likely to speak positively about the service provider, and recommend based on his/her good experiences (Kassim & Abdullah, 2010). Therefore satisfaction enhances customers' probability for recommendations and repurchase intentions, and finally for loyal behavior (Kassim & Abdullah, 2010). It is also stated that a small increase in customer satisfaction has a large impact in increasing customer loyalty: Jones & Sasser (1995) suggest the level of satisfaction will determine whether a customer is loyal or not. In other words, the level of loyalty increases in accordance to the satisfaction level but the relationship is not completely linear: for example, if measuring satisfaction on 1-5 scale where 4 stands for satisfied and 5 for completely satisfied, the difference between 4 and 5 is tremendous: completely satisfied customers are many times more likely to demonstrate loyal customer behavior than satisfied customers. Despite the age of the study, the results are applicable also today: like automobiles and personal computers, e-commerce is also a highly competitive field as the competitors are only one mouse click away. Therefore in e-commerce as well, the difference between satisfied and totally satisfied customers is likewise notable.

There are also studies that do not directly confirm the direct relationship between satisfaction and loyalty. In other words, it is stated that satisfaction does not cover all that is needed of customer loyalty: investing in satisfaction does not necessarily guarantee a high level of loyalty (Luarn & Lin, 2003). This does not mean satisfaction would not affect loyalty, but satisfaction alone does not explain the variance in loyalty totally (Donio' et al., 2006). S-C. Chen (2012) studied customer satisfaction and loyalty relationship in e-service context and came up with two kinds of results: customer satisfaction indeed leads to loyalty, but other mediators also exist in the relationship. Trust and perceived value among others were confirmed mediators and the effect of satisfaction was directed to loyalty through them. For example, a low level of trust enforces the effect between satisfaction and loyalty and emphasizes the importance of satisfaction (Anderson & Srinivasan, 2011). A customer might be doubtful with the service but a satisfactory experience may more strongly result in continued purchases, as the service has exceeded the expectations. On the other hand, if a customer already trusts the service provider and receives a satisfactory service, the impact of satisfaction is not that great and customer is not as impressed. A similar process applies with perceived value: satisfaction affects loyalty directly only with a high perceived value (Chang & Wang, 2011). The higher the perceived value, the stronger the relationship between satisfaction and loyalty when compared to customers with a low perceived value (Anderson & Srinivasan, 2003). Therefore, trust and perceived value determine the level of impact satisfaction has on loyalty.

There are however also other variables that have an effect in the relationship. Anderson & Srinivasan (2003) found that a consumer's individual level and a firm's business level factors also count. Convenience motivation and purchase size were presented as consumer level factors, which were found to enforce the satisfaction – loyalty relationship. The more the customers purchased, and how much risk they obtained, the more loyal they seemed to be. Also, the more convenience the customers seek, the less likely they are to switch to other service providers due to the switching

costs. On the other hand, if convenience is not important for the customer and he/she is willing to go through many service providers in order to find what looking for, the customer is unlikely to appear as loyal customer to any of the services used. This has also been noticed by Reichheld et al. (2000) who pointed out the disloyal attitude of behavioral bargainers who keep seeking bargains no matter how satisfied they are without feeling any inconvenience over the constant searching. Inertia, on the other hand, proved to be a weakening factor between satisfaction and loyalty. However, on the business level side, trust and perceived value strongly emphasize the effect of satisfaction on loyalty.

The above discussion of mediating variables also explains the situation where satisfied customers do not show loyal behavior. Balabanis et al. (2006) received results supporting the positive and significant effect satisfaction has on loyalty, but the linearity of the relationship was not found supported. Instead they found customers who were both highly satisfied but not loyal, and also dissatisfied customers who were loyal. Khatibi et al. (2002) as well found satisfaction to have a correlation on loyalty but the relationship was not significant at all. This was justified with the fact that also highly satisfied customers can switch to another service provider and satisfaction therefore does not solely explain loyal customer behavior. Liao & Wu (2009) agree with this: they question the satisfaction – loyalty relationship and point out that loyalty may be an independent variable with no substantial variance based on satisfaction. Therefore, the general belief that satisfied customers are loyal customers may not completely hold true. This was confirmed by further analysis where satisfaction was found to have a significant impact on loyalty only when trust was deleted from the examined variables. However, when trust was added, satisfaction did not have a noteworthy impact on loyalty. Therefore, satisfaction alone is not enough to explain loyalty, but it is essential to maintain a certain level of satisfaction in order to have the possibility of customer retention.

The majority of the studies discussed did find a correlation between satisfaction and loyalty. Despite some studies demonstrating opposite results and mediating variables in the relationship, the following hypothesis is suggested:

H7: The higher the level of customer satisfaction, the higher the level of customer loyalty.

2.7 The relationship of trust with loyalty

The relationship of trust with service process, value and satisfaction has been discussed above. However, the relationship to loyalty is the one remaining that has not been covered yet. Unlike satisfaction and value, trust is harder to consider as direct effector of loyalty. Trust is an important factor but it is hard to believe it being sufficient alone to guarantee customer loyalty. Therefore results with mediating variables between trust and loyalty are more expected. Also based on the relationships of value and satisfaction to loyalty, trust is expected to have moderating aspects along with it.

2.7.1 Trust – Loyalty

Reichheld & Scheffer (2000) state customer loyalty being a matter of trust in their studies. In e-commerce trust gains an even more emphasized role than in conventional stores: when shopping online customers cannot base their trust on personal contact, size of the company office, tidiness of the space or touch of the product; in other words e-commerce lacks physical presentation (Zott et al., 2000). All the customers have is what is written in the service provider's website and contact information for customer service. If the website information does not provide enough credibility and the customers can't trust the service completely, the relationship between service provider and customer is not built on a firm basis and therefore no

loyalty exists (Kandampully, 1998; Flavián et al., 2006). Therefore trust does have a major role in online markets (Ribbink et al., 2004; Kim et al., 2009). To emphasize its importance Reichheld & Schefer did a study where they asked online shoppers for the most essential attributes for e-service providers. They found familiarity and trustworthiness scored the highest points, and low prices and top-notch selection as examples earned much lower scores. As competing online services are only a mouse-click away and comparing prices and selection is therefore very easy, it could be easily assumed that price and product range are what matter the most; however, this is not the case as justified above. Trust works as the most essential corner stone to repurchase intentions and customer loyalty; all other features come after that (Chiu et al., 2009).

There are also plenty of other studies that speak for the positive relationship between the level of trust and level of customer loyalty (e.g. Luarn & Lin, 2003; Harris & Goode, 2004; Ndubisi, 2006; Yap et al., 2012). Järvenpää et al. (2000) found that higher trust towards an Internet store reduces the perceived risk and generates more favorable attitudes. As a result favorable attitudes and reduced perceived risk increase the customer's willingness to make purchases in that specific store. Harris & Goode (2010), specify this by stating that customers' purchase intentions are affected by their evaluation and feeling of the trustworthiness of the service and the service provider. Liao & Wu (2009) strongly emphasize the importance of trust. They observed that trust is a crucial driver of customer loyalty as their test results reacted to the removing and adding of trust to the examined variables. The same was confirmed by Anderson & Srinivasan (2011) who likewise noticed significant changes in results: when trust was added, the effect of satisfaction on loyalty seemed to be weaker, but when trust was removed, the relationship appeared to be much stronger. This is explained as follows: when the level of trust is high, the level of satisfaction does not have that large impact on loyalty, as the relationship is still considered as trustworthy. Vice versa, when the level of trust is low, a customer's satisfaction plays a larger role on his or her level of loyalty. This

highlights the effect trust has on customer loyalty, and suggests that creating and maintaining trust is vital.

Trust however contains also the ideological side. Peppers & Rogers (2006) contribute by arguing trust appears as a customer orientation that constantly looks out for customers' best interests, which then results in as customer loyalty. As customers feel the service provider being interested in delivering service according to their needs, they are more willing to engage, and therefore appear as more loyal customers. In other words, how well customers trust the service provider to be honest with their offerings, act according to a customer's best interest, and show a true care, transmits directly on to how loyal they are (Bhatty et al., 2001). The same was noticed by Hoq et al. (2012) in the Islamic banking sector. They pointed out the importance of Islamic principles: when the customers could trust their bank to take the principles seriously, they were likely to engage as loyal customers. Therefore trust appears also as respect towards the local values. In other words, the service provider has to know their customers and adapt to the local and global ethics and principles in order to gain the customers' trust and their loyalty. Accordingly, trust is found to be an important effector of customer loyalty (Horppu et al., 2008; Kiyani et al., 2012).

In the other study of Reichheld et al. (2000) the role of trust is presented as a building block for loyalty and a way to conquer loyal customer base is discussed from a different angle. They consider the mindset of the customer when seeking the most suitable e-service provider to one's needs. The customer looks for convenience and trustworthiness and is willing to stick to a service when finding one that fulfills both characteristics. A loyal customer is not looking for the best bargain but convenience and time save above all. This is also why the price does not matter as much as the performance of the service. Chu (2009) has gone through a similar discussion: when a customer can trust to the service and finds it valuable,

he/she is likely to be loyal to the service provider. Therefore trust and value are both important ingredients in building customer loyalty.

Kassim & Abdullah (2010) and Limbu et al. (2011) took another approach to the matter by dividing the concepts of trust and loyalty into more detailed factors and examining the relationship from their point of view. Kassim & Abdullah found a significant effect between trust and customer word of mouth. On the other hand, Limbu et al. found security and privacy having direct effect on loyalty. In both studies trust was found to have a partial effect on loyalty: either it affected one third of the concepts of loyalty, or loyalty was affected by two quarters of trust. Consequently, trust would appear not to have a clear direct effect on loyalty, as justified also in the above discussion of Reichheld et al. (2000) and Chu (2009).

Ribbink et al. (2004), however found the effect between trust and loyalty to be rather low. This was noticed as well on the study of Eid (2011) who confirmed that trust is a weak determinant of customer loyalty. The reason behind the results is likely the popular nature of e-commerce today, and the fact that no e-commerce can continue business in the long-term without reliable payment and security settings as examples. The customers regard security and privacy as standard core elements of an acceptable online service, due to which the level of trust does not have a large impact on customers' loyalty and repeat purchases (Godwin et al., 2010).

Even though studies exist stating an indirect or mediated relationship between trust and loyalty, still the majority of studies find them directly linked. As trust is proven to be an important factor, especially in e-commerce, the following hypothesis is suggested to support the case study:

H8: The higher the level of customer trust, the higher the level of customer loyalty.

2.8 Hypotheses

Based on the theoretical research, the relationships between the factors were suggested to occur according to the following hypotheses:

H1: Service quality level has a direct and positive effect on the different levels of commitment.

- H1a: The higher the level of service quality, the higher the level of customer satisfaction.
- H1b: The higher the level of service quality, the higher the level of customer trust.
- H1c: The higher the level of service quality, the higher the level of customer loyalty.

H2: The higher the level of service quality, the higher the level of customer perceived value.

H3: The level of customer perceived value and the level of customer trust correlate positively with each other.

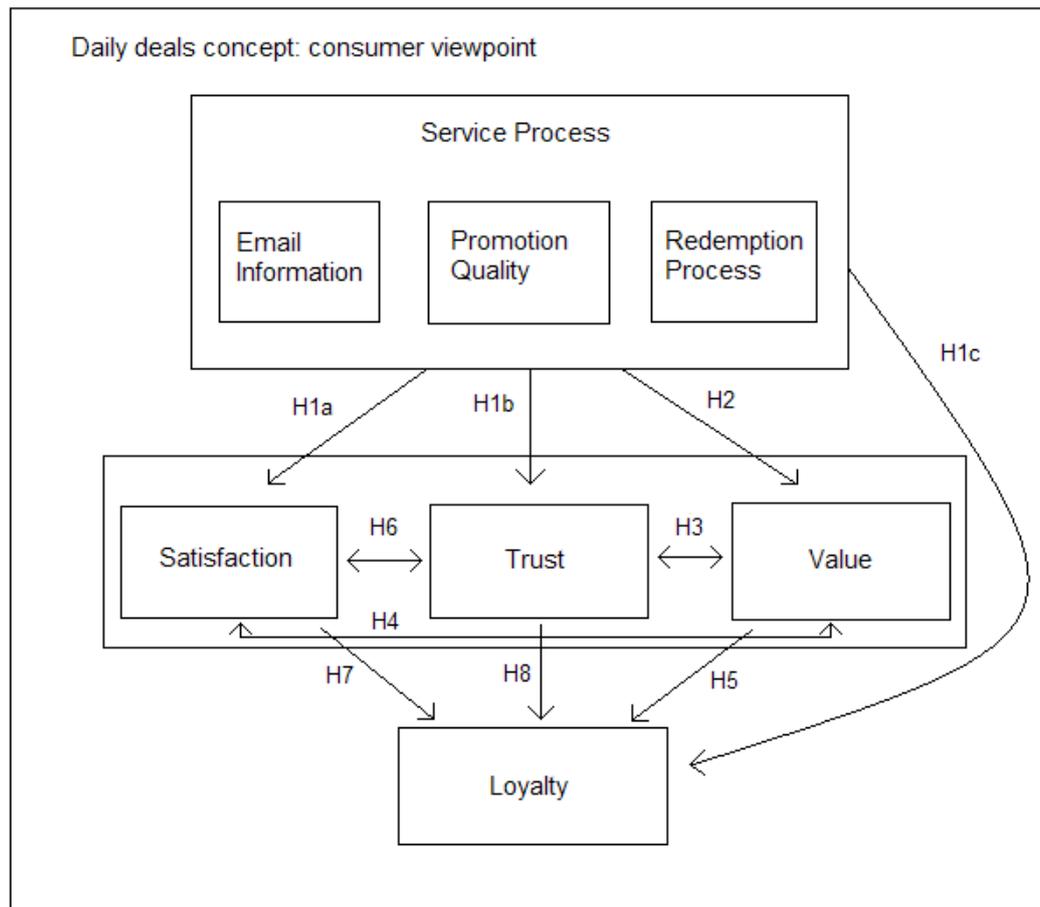
H4: The level of customer perceived value and the level of customer satisfaction correlate positively with each other.

H5: The higher the level of customer perceived value, the higher the level of customer loyalty.

H6: The level of customer satisfaction and the level of customer trust correlate positively with each other.

H7: The higher the level of customer satisfaction, the higher the level of customer loyalty.

H8: The higher the level of customer trust, the higher the level of customer loyalty.



Picture 2: Hypotheses.

The hypotheses and their relationships can also be described with the above picture, which clarifies their hierarchical order. The aim of the hypotheses is to confirm the correlation between the variables and point out the causal relationships.

3 EMPIRICAL STUDY

This part of the study concentrates on the empirical research made based on the case company Groupon. Groupon operates completely on the Internet and offers daily campaigns from different branches. The Groupon deals cover local service providers, for example restaurants and beauty salons, but also goods and travel offers. The company was established in 2008 and has since expanded to operate in 48 countries worldwide, Finland included. The Groupon service has two customer interfaces: the business-to-business side (B2B) and the business-to-customer side (B2C). The B2B side is visible in the company website where the campaigns of the partners are sold, whereas the B2C side is the target customer and buyer group of the campaigns. In other words, Groupon offers the partners a possibility to attract new customers with an effective marketing campaign, while the customers are offered a chance to gain new experiences for less. This empirical study focuses on the B2C side of the Groupon service and uses Groupon Finland as the case company. The aim is to study the effects of the whole Groupon service process on customer satisfaction, trust and perceived value, and finally their effects on customer loyalty. The service process covers the following steps: Email Information, Promotion Quality and Redemption Process. (Groupon, Inc., 2012, 2013)

The data and analysis methods used in the study are first introduced, followed by an overview of how the methods were applied. After this the analysis results are examined with a focus on the hypotheses testing. The chapter ends with a discussion of the results and their correspondence with previous studies. The study was repeated twice, first with full data, and again with halved data. This was done in order to test the validity and generalizability of the results and to avoid any statistical oversensitivity. This paragraph covers the results of the full data, whereas the results from the tests with halved data are presented in the appendixes 3-8.

3.1 Data and data collection

The data used is one month's results from a monthly customer satisfaction survey. The survey was sent automatically via email to randomly selected customers who have made a purchase from www.groupon.fi website during the previous month. In April, altogether 8939 Groupon Finland customers were contacted to ask them to participate in a customer satisfaction survey. As an incentive to give their opinion, the customers were informed about their chance to give feedback and the possibility to help Groupon develop its service and operations. As a result, a total of 1089 responses were received, which makes for a 12,2 % of response rate. The survey itself was an Internet form consisting of 35 questions, 21 of which were examined in this study (see appendix 1).

3.1.1 Measures

The questions are formed based on industry attributes and customer behaviour theories by combining the important parts of both. The industry specific questions are used especially in first part of the questionnaire, which aims at determining the quality of the service process and its different parts. The service process is divided into three sections: Email Information, Promotion Quality, and Redemption Process, which represent the three parts of the service process. Email Information covers the following aspects: accuracy, sufficiency and frequency of deal information and newsletters received. The purpose is to find out whether the email information sent provides enough information for the customer to make a purchase. This phenomenon has been studied by Szymanski & Hise (2000) with the measure 'product information', Ribbink et al. (2004) with 'responsiveness', and Roushdy (2013) with 'communicational function'. Even though there are slight differences in the exact focus area, the measures used in this study are supportable.

Promotion Quality instead deals with desirability, length of time, attractiveness and variety. The goal is therefore to find out whether the offerings are worth purchasing and provide enough choices for the customers. Similar attributes are used in other research as well; for example Reichheld & Scheffer (2000) use selection in their study to find out the most important service attribute for the customers. Therefore the use of offering-based questions is justified.

Finally Redemption Process inquires about the overview of the redemption process itself and about its simplicity. The objective is to find out how the process actually works and how effortlessly it is performed. This refers to the similar metrics used in other studies, such as 'convenience' by Szymanski & Hise (2000), 'ease of use' by Ribbink et al. (2004), and 'transaction ease' by Anderson & Srinivasan (2011). Of course, due to the Groupon service setting, the phenomenon measured is not exactly the same: in the Groupon service the redemption might happen either online or on the spot depending on the deal offered, whereas in the studies mentioned the referred incidence happens principally online. To measure precisely the same phenomenon, the questions asked should focus on the convenience of making the purchase, not on the convenience of redeeming the purchase. However, at Groupon the word 'redemption' covers both the purchase making and redeeming processes, which justifies the use of effectiveness as a measure. Therefore the results of the former studies can be applied in this case.

The attributes covered by these three parts of the service process are in other words product information, selection and effectiveness. The three parts (Email Information, Promotion Quality and Redemption Process) also represent the independent variables in the study.

The dependent variables used in the study are value, satisfaction, trust and loyalty. Firstly value is determined by questions about price paid and benefits received. In other words the aim is to find out whether the ser-

vice/product was worth the price paid. The question has been split into two in order to recognize the development better: are the prices too high or do the services offer enough value, and are therefore the trends that more focus should be put on. Furthermore, Groupon mainly sets the price, whereas the benefits received are dependent on the service providers featured; therefore two questions cover both sides better. The question about value for the money is commonly used (e.g. Sirdesmukh et al., 2002; Chang & Tseng, 2013), which also supports its use in this study. The separation into details is however an adaption to fit the question better into Groupon's purpose.

The satisfaction part, on the other hand, aims at examining a customer's experience: how the expectations were fulfilled, how the experience compared to an ideal one, and what was the customer's overall satisfaction. Three aspects are covered: general evaluation, exact evaluation and evaluation in consideration with competition. Therefore not just Groupon's performance in itself is measured but also the performance in comparison with an ideal experience. For example Evanschitzky et al. (2004) and Lee et al. (2009) use similar questions in surveys, and as such the questions in this study are likewise acceptable.

Trust consists of only one straightforward question asking the customers to rate their confidence towards Groupon purchases. Many studies have split the concept of trust into more distinct parts (e.g. Ribbink et al., 2004 and Limbu et al. 2011). However, in Groupon service the customer's trust is affected both by Groupon and the cooperative service providers, due to which the question was better to be structured in a simple form to avoid confusion.

Finally loyalty as the last of the dependent variables is measured with three questions about future actions: likelihood to share the experience, likelihood to repurchase, and likelihood to recommend. The questions are aimed at finding out whether the customers promote the Groupon service

and experience to others, and whether the customers have been retained. Repurchase and word-of-mouth are widely accepted in literature when analyzing and measuring loyalty: e.g. Reichheld & Scheffer (2000), Kasim & Abdullah (2010), and Curtis et al. (2011) have divided loyalty as such in their studies in order to understand the phenomenon deeper. In other words, the measures used correlate with common theories about loyalty with a little update to with the third social media centered question.

There are also other questions in the survey concerning for example familiarity with the merchant, contacts with customer service and overall image of Groupon as service provider. These questions exist because the survey is used monthly for analyzing development and detecting changes in customer satisfaction at an international level. However, these questions are not covered in this study and the analysis is limited only to the variables mentioned above. The full survey questionnaire can be seen in the Appendix 1.

3.1.2 Data description

The respondents were divided by gender as follows: the majority, 77% of the respondents were female and only 23% were male. Only two preferred not to respond to the question about gender so their share is rather irrelevant. Responses were received from various age groups: 25 to 34 year-olds, 35 to 44, 45 to 54, and 55 or older, all demonstrated 22% to 27% share of the respondents. Also the share of different household income (HHI) groups was divided smoothly: less than \$30K, \$30K-\$39K, \$40K-\$49K and \$75K-\$99K, all represented an 11% to 15% share. The largest group was \$50K-\$75K with 18% share, and higher income households, \$100K-\$124K and \$125K- participated with 4% to 5 % share. 21% of the respondents preferred not to provide this information. The different age and HHI groups did not differ largely among men and women; the greatest difference was discovered in HHI group of \$75K-\$99K, which represented 7% larger share among men than women.

Table 1: Data description, all variables.

Variable	Mean	Std Dev	Variance	Range	Likert-scale
Email Accuracy	7.6239	1.6479	2.7154	1-10	1-10
Email Frequency	7.0057	2.1586	4.6597	1-10	1-10
Email Info	7.4930	1.6939	2.8693	1-10	1-10
Deal Merchants	7.0459	1.5205	2.3119	2-10	1-10
Deal Quality	6.8982	1.6652	2.7730	1-10	1-10
Deal Variety	7.1128	1.6710	2.7921	1-10	1-10
Process Redeem	8.0935	1.7854	3.1877	1-10	1-10
Process Simplicity	8.1610	1.6445	2.7043	1-10	1-10
Sat - Expectations	7.6253	1.9720	3.8889	1-10	1-10
Sat - Ideal	7.3456	1.5710	2.4681	2-10	1-10
Sat - Overall	7.7888	1.9125	3.6576	1-10	1-10
Price Paid	7.8450	1.5743	2.4783	1-10	1-10
Price Quality	7.7996	1.5134	2.2904	1-10	1-10
Brand Confidence	7.5537	1.6108	2.5948	1-10	1-10
Purchase Next Time	7.2020	1.9925	3.9702	1-10	1-10
Recommend	7.8365	1.8208	3.3152	1-10	1-10

The scale used in the survey was Likert-based and ranged from 1 to 10, in which 1 represents the lowest score, and 10 the highest. Thus, all the variables support an interval scale. The majority of the variables received values throughout the whole scale but two ranged only from 2 to 10: the desirability of the deal merchants, and satisfaction when compared to an ideal experience. The lowest mean among the variables was 6.9 and the highest 8.2, with the overall mean being 7.5. Therefore all the variables behaved rather similarly and are expected to be normally distributed. More specific descriptive data can be found in the table 1.

3.2 Analysis method

The following contains a brief presentation of the analysis methods used and the application of them in this specific study. The methods and their purpose are first introduced, after which the use of the tools is explained in more detail concerning the particular requirements of the data used.

3.2.1 Factor analysis

Factor analysis is an interdependence technique used to compress information and minimize the amount of used variables. Its most important objective is to find out the underlying structure among the variables used in the analysis. In other words, it aims to make the big picture easier and clearer to describe and analyse. In multivariate studies the amount of variables is likely to be large, and many of the variables are likely to test the same phenomenon and thus correlate with each other. In order to make the multivariate studies easier, the factor analysis combines interrelated variables measuring the same phenomenon together into one factor. Each of these factors then represents one dimension in the data, and thus the analysis among these dimensions is much more simple and less time consuming when compared to testing each of the variables separately. Factor analysis can thus be used for two purposes: data summarization and data reduction. Data summarization stands for grouping variables into factors in order to find out what the variables represent collectively. Therefore the data is described with fewer concepts than the original data contains. Data reduction instead reduces the number of original variables but retains their nature and character. It thus creates an entirely new set of variables that is much smaller when compared to the original ones. (Field, 2005; Metsämuuronen, 2005; Hair et al., 2010)

The method can also be used as help to multicollinearity problems. Multicollinearity might cause complications in multiple regressions, due to which factor analysis is an efficient method to start with; factor analysis can be used to combine variables, which are collinear. Factors compressed from variables testing similar issue are received as a result, so the multiple regression is safer to be used with the received factors. (Field, 2005)

In addition to the different purposes listed above, the factor analysis can be utilized with two different approaches: exploratory or confirmative. In exploratory approach, there are no assumptions for the components or the number of them and factor analysis is used especially with the data reduction purpose in mind. From the confirmative viewpoint, the researcher already expects a specific structure in the data, in which case the factor analysis is used more as a confirmation to assess the expectations. (Field, 2005; Metsämuuronen, 2005)

An ordinal scale is required in order to be able to use factor analysis effectively. Also the sample size is important: a suitable sample size contains 100 observations or more, most preferably 300, and a sample less than 50 should not be factor analysed. Factor analysis is best used when the theory connecting the variables is already known. In other words it is important to have a conceptual idea of the analysed variables in order to choose correct variables into the analysis and receive valid results. (Field, 2005; Metsämuuronen, 2005; Hair et al. 2010)

This analysis method was chosen, as the phenomenon in focus had been studied multiple times and the outcomes were thus highly expected. Also the requirements suited the purpose well: the sample size was large enough (above 300 observations), the variables supported an interval scale, and a real correlation between the variables had been detected (tested with Pearson's correlation; for results see chapter 3.3.2). Furthermore, factor analysis is a commonly used research method in customer

behaviour literature; the following earlier discussed studies have applied it in their research: Srinivasan et al., 2002; Parasuraman et al., 2005; Kim et al. 2009; and Kassim & Abdullah, 2010. This confirms the method is appropriate to be used in this study as well.

3.2.2 Regression analysis

Regression is a statistical analysis method, which studies the relationship between dependent and independent variables. The method is used when a dependent variable is expected to be related to one or more independent variables. It aims at examining which independent variables explain the variance in the dependent variable and how. The objective is to predict the changes in the dependent variable in accordance to the changes in the independent variables: to predict the behaviour of the dependent variable and thus its size and amount. In other words it is used for modelling phenomenon and also for predicting observations (Metsämuuronen, 2005). It also examines the share of explanatory variables from the explained phenomenon, or compares the superiority of certain variables as explanatory ones. Thus, it is an efficient method for hypothesis testing and running conclusions in this study. (Hair et al., 2010)

When studying the effect of the single independent variable on the dependent one, the technique is called simple regression. When the study includes two or more independent variables, the technique is called multiple regression. (Field, 2005) Thus, it is important to be able to identify which variables are dependent and which independent ones, otherwise the method does not serve its purpose. In the regression analysis process, each independent variable receives a weight, which represents their contribution to the overall prediction of the dependent variable. In other words, the analysis makes it possible to see which independent variable has the largest impact on the dependent variable, and so therefore works as the most efficient driver for the dependent one. However, any collinearity or multicollinearity between the independent variables creates a bias in the

results: correlation between the independent variables reduces the unique variance explained by each of them. Thus, it is important to minimize the risk of collinearity or at least bear it in mind when interpreting the analysis results. (Hair et al., 2010)

Sample size plays an important role in the significance and generalizability of the research results. Either too small or too large a sample size causes problems: with a sample size of 30 or less only the strongest relationships can be considered reliable. However, also a sample of 1000 or more observations causes the test to be oversensitive, due to which even smaller relationships are statistically significant. In other words, sample size determines to a large extent whether the study has statistical power or not and whether the results can be generalized or not. This is important to take into consideration when planning the research and interpreting the results. (Field, 2005; Hair et al., 2010)

Regression was chosen as the analysis method in this study to see how large a proportion each independent variable represents in the prediction of the dependent variables. The aim was also to identify the direction of the effects to see which way the relationships have the largest impact. These aims equal the objectives of the regression analysis, which proves it the right method for the purpose. It offers an effortless method to see the relative weighting of each independent variable. Furthermore, according to the customer behaviour theory the division of the variables into dependent and independent ones was known beforehand, which confirms the correct use of the regression. The large sample size ($n=1089$) endangers the test as a full sample size would be overly sensitive to even insignificant relationships, and as such another test has to be run with a halved sample in order to prove the statistical significance.

3.3 Results and analysis

This section reviews the actual results of the empirical study and the application of the earlier mentioned analysis methods. The results of the full data (n=1089) are presented here whereas the results of the second study with halved data (n=546) are visible in the appendixes 3-8. The full data was halved by dividing the observations into 1's and 2's in turn. Doing this, two data sets (1 and 2) were received and the first set (1) was randomly selected to the second study. The purpose of conducting two separate studies was to prove the generalizability of the results and the repeatability of the tests. Also according to the regression analysis requirements the full data was considered too large, due to which the validity of the first study results were to be proved with a second study based on the halved data. Regardless, both tests yielded with similar results, due to which the second study outcomes are presented in the appendixes and the full data results are presented below.

First the data variables were tested with Kolmogorov-Smirnov and Pearson's correlation, after which the factor analysis was prepared with Cronbach's Alpha reliability test. Secondly the factors were developed with a confirmatory approach, and the hypotheses were tested with regression analysis. The results of the different analysis methods are seen in the relevant paragraphs.

3.3.1 Normal distribution of the data

All the variables were first tested in order to find out whether they are normally distributed or not. The test was conducted by using the Kolmogorov-Smirnov test. By using a confidence level of 0.05, all the variables confirmed to be normally distributed. The test was done to assure the normal distribution among the variables in order to be able to test the suggested hypothesis efficiently and reliably.

3.3.2 Factor development

The variables were first tested with Pearson's correlation, and analysed with Cronbach's Alpha for reliability. These two pre-steps were made to test the functionality of the aimed factors and regressions, and whether they measure what they are supposed to measure. Pearson's test proved a correlation between all the variables, and the strength varied from strong to medium depending on the variable. In the reliability test, the variables were arranged in sets measuring the same phenomenon, like adjusted in chapter 3.1.1. As a result, two variables were left out from the factor analysis due to their low reliability. These variables were 'deal time' under Promotion Quality measures, and 'communicate on social media' under Loyalty measures. By eliminating these two variables, all reliability measures turned out to be good by ranging from 0.75 to 0.94. These measures for each factor can be seen individually in the table 2 (Cron. Alpha).

The independent variables were chosen for the first factor analysis, in other words all the nine service quality variables measuring Email Information, Promotion Quality and Redemption Process. However, factoring this way only two factors, as Redemption Process and Promotion Quality appear as the same factor. This was not acceptable, as three factors were needed in order to be able to conduct proper analysis over the service process: it was important to know what part of the service had the greatest effect on the dependent variables and which part was therefore considered the most significant one. Due to this the factors were decided to run individually, using only variables of each part as the source. As hoped, three factors were received as a result: Email Information, Redemption Process, and Promotion Quality. However, like noticed in the Cronbach's Alpha test as low reliability, Deal Time variable (in Promotion Quality) resulted in with low communality and low Kaiser's Measure of Sampling Adequacy (MSA) value. Deal Time was therefore left out and Promotion

Quality factor was ran again with three variables, resulting with higher reliability and improved communality and MSA figures.

Table 2: Factor analysis

Factor Pattern - Email Information	Factor 1	Comm.	MSA
Email Information	0.8696	0.7563	0.6077
Email Accuracy	0.8423	0.7095	0.6257
Email Frequency	0.7290	0.5315	0.7731
Var. Exp.	1.9972		
Cron. Alpha	0.7447		
Factor Pattern - Promotion Quality	Factor 1	Comm.	MSA
Deal Merchants	0.9061	0.8211	0.6950
Deal Quality	0.9025	0.8144	0.7016
Deal Variety	0.8597	0.7390	0.8028
Var. Exp.	1.9972		
Cron. Alpha	0.8675		
Factor Pattern - Redemption Process	Factor 1	Comm.	MSA
Process Redeem	0.9437	0.8905	0.5000
Process Simplicity	0.9437	0.8905	0.5000
Var. Exp.	1.7811		
Cron. Alpha	0.8771		
Factor Pattern - Satisfaction	Factor 1	Comm.	MSA
Sat - Overall	0.9378	0.8795	0.6378
Sat - Expectations	0.9311	0.8669	0.6469
Sat - Ideal	0.8348	0.6969	0.8884
Var. Exp.	2.4433		
Cron. Alpha	0.8857		
Factor Pattern - Value	Factor 1	Comm.	MSA
Price Quality	0.9740	0.9487	0.5000
Price Paid	0.9740	0.9487	0.5000
Var. Exp.	1.8975		
Cron. Alpha	0.9460		
Factor Pattern - Loyalty	Factor 1	Comm.	MSA
Purchase Next Time	0.9075	0.8235	0.5000
Recommend	0.9075	0.8235	0.5000
Var. Exp.	1.6470		
Cron. Alpha	0.8249		

As a lesson from the independent variables' analysis, also the dependent variables, satisfaction, value, and loyalty, were decided to be run separately to result with three factors. The results were successful and three factors were created. Loyalty was first run with all three variables, but like predicted with the reliability test, the communicate on social media variable appeared to provide both low communality and low MSA. Similarly to Promotion Quality, loyalty factor was run again without including the weak variable and the results were majorly improved. With satisfaction and value the factor formation was however simpler and both were run successfully with the first trial.

It was noted that for factors containing only two variables, the MSA value was below the suggested 0.6. However, as this was due to the low amount of variables used, the low MSA was ignored. The final results of the factor analysis are presented in table 2.

Table 3 presents descriptive data of the factors. In the table the difference of variable trust can be seen when compared to the actual factors. As trust was measured with only one question and therefore with one measure, trust could not be factor analysed. Therefore it was taken into the study as an only unstandardized variable, and thus possesses distinct descriptive values.

Table 3: Factor description

Variable	Mean	Std Dev	Variance	Range
Email Information	-8.7E-18	1.0000	1.0000	-4.4-1.8
Promotion Quality	4.0E-18	1.0000	1.0000	-3.5-2.1
Redemption Process	4.0E-16	1.0000	1.0000	-4.4-1.2
Satisfaction	-7.5E-17	1.0000	1.0000	-3.9-1.5
Value	1.3E-16	1.0000	1.0000	-4.5-1.4
Trust	7.6E+00	1.6108	2.5948	1.0-10.0
Loyalty	-2.9E-16	1.0000	1.0000	-3.8-1.4

Table 4 on the other hand represents the correlation matrix of the factors. All the correlations are significant at $p < 0.001$ and they range from medium relationships (0.38-0.49) to strong (0.52-0.68).

Table 4: Correlation matrix

	Email Infor- mation	Promo- tion Quality	Redemp- tion Process	Satisfac- tion	Value	Trust	Loyalty
Email In- formation	1.0000 1005	0.5848 <.001 983	0.4595 <.001 999	0.5587 <.001 1001	0.5496 <.001 998	0.5638 <.001 1005	0.5954 <.001 1005
Promotion Quality	0.5848 <.001 983	1.0000 1058	0.3837 <.001 1052	0.4573 <.001 1054	0.5230 <.001 1049	0.4948 <.001 1058	0.6013 <.001 1058
Redemp- tion Pro- cess	0.4595 <.001 999	0.3837 <.001 1052	1.0000 1080	0.6682 <.001 1076	0.5248 <.001 1070	0.5366 <.001 1080	0.5604 <.001 1080
Satisfaction	0.5587 <.001 1001	0.4573 <.001 1054	0.6682 <.001 1076	1.0000 1085	0.6657 <.001 1073	0.5953 <.001 1085	0.6789 <.001 1085
Value	0.5496 <.001 998	0.5230 <.001 1049	0.5248 <.001 1070	0.6657 <.001 1073	1.0000 1077	0.5848 <.001 1077	0.6526 <.001 1077
Trust	0.5638 <.001 1005	0.4948 <.001 1058	0.5366 <.001 1080	0.5953 <.001 1085	0.5848 <.001 1077	1.0000 1089	0.6536 <.001 1089
Loyalty	0.5954 <.001 1005	0.6013 <.001 1058	0.5604 <.001 1080	0.6789 <.001 1085	0.6526 <.001 1077	0.6536 <.001 1089	1.0000 1089

3.3.3 Hypothesis testing

Factors developed in the factor analysis above form a basis for hypothesis testing: fewer variables make the testing and concluding clearer. It also simplified the otherwise big picture by combining the variables measuring the same phenomenon into one variable. As the earlier correlation tests and the factor analysis only provided information about existing correlation and variable combinations, they are not enough. Therefore regression analysis was used to perform the actual hypothesis testing as it both

shows whether the effect between the studied variables is significant but also the direction of the effect. The hypothesis were tested in three parts: firstly the relationship of independent variables with the dependent ones (service process with satisfaction, trust, value and loyalty), secondly the interrelationships of satisfaction, trust and value, and finally the relationship of these three with loyalty. The results of each part are covered in the following.

The effect of service quality level on the level of satisfaction, trust, value, and loyalty

First hypothesis H1 suggested service quality level to have a direct and positive effect on the different levels of commitment. The dependent variables, satisfaction, trust, and loyalty, were each tested separately according to the sub-level hypothesis. Starting with satisfaction in H1a, p value was <0.001 , which confirmed the relationship between service process and customer satisfaction as significant. The service process variables earned parameter estimates as follows: Email Information 0.2640, Promotion Quality 0.0996, and Redemption Process 0.5197. H1a was therefore supported but only Redemption Process indicated a strong effect on satisfaction, followed by Email Information with the second strongest value. The impact of Promotion Quality instead was found to be surprisingly weak.

H1b on the other hand examined the impact of service quality level on the level of trust and the following was found: confirmed with p value of <0.001 , the parameter estimates were 0.488 for Email Information, 0.343 for Promotion Quality, and 0.511 for Redemption Process. All service process variables showed a strong causality with trust, and H1b was thus supported. Again Redemption Process and Email Information in this order appeared to be the most significant effectors for trust.

H1c suggested the level of service quality affecting directly to the level of customer loyalty. With p value of <0.001 the relationship was found to be

significant and the parameter estimates for each service process attribute were: 0.240 for Email Information, 0.324 for Promotion Quality, and 0.322 for Redemption Process. H1c was thus supported and the relationship was confirmed to occur in a medium level between the variables.

The relationship between the service quality level and level of perceived value in H2 was likewise supported: the effect is significant with <0.001 p value and the service process attributes earned the following values: Email Information 0.289, Promotion Quality 0.242, and Redemption Process 0.291. Now all the attributes affected perceived value with rather equal impact, which did, however, appear to be lower than expected.

Table 5: Regression analysis, service process.

	Satisfaction	Value	Trust	Loyalty
Intercept	*0.0161	*0.0046	7.5600	*0.0406
	0.0213	0.0240	0.0379	0.0216
Email Information	0.2640	0.2892	0.4884	0.2396
	-0.0285	-0.0319	-0.0504	0.0287
Promotion Quality	0.0996	0.2421	0.3430	0.3244
	-0.0266	-0.0300	-0.0473	-0.0269
Redemption Process	0.5197	0.2913	0.5113	0.3223
	-0.0253	-0.0273	-0.0431	-0.0246
R-Square	0.5424	0.4376	0.4535	0.5251
Adj. R-Square	0.5410	0.4359	0.4519	0.5237
Root MSE	0.6650	0.7480	1.1840	0.6741

Standard error displayed in grey. All loadings are significant at $p < 0.001$ unless stated otherwise. (*Not Significant.)

All the sub hypotheses H1a-H1c confirmed H1 to be supported as a whole. Also hypothesis H2 was fully supported: the impact between service quality level and the dependent variables appeared in range from small to strong. Redemption Process was the strongest effector with the largest parameter estimates, so it could be identified as the cause of most of the variance in the dependent variables. However, in general the causality occurred in medium level between the studied variables.

The correlations of satisfaction, trust, and value

H3, H4 and H6 suggested the correlations of satisfaction, trust, and value to appear as direct and positive. H3 examined the relationship between value and trust and found the following: the impact is significant both ways with <0.001 p value. Both variables affect the other but the direction of the relationship was found to be stronger from value to trust: parameter estimate with direction from trust to value was 0.362, and with value to trust 0.945. In other words, value explains more variance in trust than trust does in value: it appeared that a one-point increase in value caused a one-point increase in trust. H3 is supported as the relationship is direct and positive for both ways; value has very strong effect on trust, with trust only contributing moderately on value.

The relationship between value and satisfaction was studied by hypothesis H4. The effect was significant both ways with p value <0.001 . Also the parameter estimates did not indicate large difference in the direction of the relationship, as both appeared equally strong: satisfaction to value with 0.665, and value to satisfaction with 0.667. H4 is thus supported but unlike H3, confirms a strong influence both ways between the variables.

Finally H6 dealt with satisfaction-trust relationship, which was suggested to appear direct and positive, similarly with the other hypothesis. Again p value of <0.001 confirmed the relationship to be significant and the parameter estimates fell as follows: satisfaction to trust with 0.947, and trust to satisfaction with 0.374. Here the direction is clear, as satisfaction has a strong effect on trust, with trust only having a moderate impact on satisfaction. The direction of the influence is even clearer in the halved data results in appendix 7: a one-point increase in satisfaction indeed causes a one-point increase in trust. H6 is thus both ways supported with an emphasis on direction from satisfaction to trust.

All hypotheses studying the interrelationships of satisfaction, trust, and value were found supported with direct and positive linkages. The regressions however implied also the directions of the relationships, which were determined as follows: value and satisfaction both explain trust, and satisfaction and value explain each other.

Table 6: Regression analysis; interrelationships of satisfaction, trust and value.

	Trust	Value
Intercept	7.5650	*0.0015
	0.0388	0.0227
Satisfaction	0.9466	0.6648
	-0.0388	-0.0228
R-Square	0.3543	0.4432
Adj. R-Square	0.3537	0.4426
Root MSE	1.2783	0.7429

	Satisfaction	Value
Intercept	-2.8321	-2.7327
	0.1187	0.1182
Trust	0.3744	0.3621
	-0.0154	-0.0153
R-Square	0.3543	0.3420
Adj. R-Square	0.3537	0.3414
Root MSE	0.8039	0.8115

	Satisfaction	Trust
Intercept	*0.0011	7.5469
	0.0227	0.0399
Value	0.6667	0.9446
	-0.0228	-0.0400
R-Square	0.4432	0.3420
Adj. R-Square	0.4426	0.3414
Root MSE	0.7440	1.3107

Standard error displayed in grey. All loadings are significant at $p < 0.001$ unless stated otherwise. (*Not significant.)

The relationships of satisfaction, trust, and value to loyalty

H5, H7, and H8 studied the relationship of satisfaction, trust, and value to

loyalty and all relationships were suggested to be direct and positive. Starting with H5 and causality between value and loyalty, a p value of <0.001 proved the effect significant. With a parameter estimate of 0.650 the direction of the relationship was found strong and positive. Therefore H5, customer value has a direct and positive effect on customer loyalty, was supported.

H7, on the other hand, dealt with the satisfaction-loyalty relationship and following was found: <0.001 p value proved the relationship significant and parameter estimates indicated value of 0.671. Thus customer satisfaction correlates strongly with customer loyalty, and H7, where customer satisfaction was suggested to have a direct and positive effect on customer loyalty, is supported.

Finally H8 suggested customer trust having a direct and positive effect on customer loyalty. Here as well, the p value showed a significant relationship between the variables with <0.001 score. The relationship received parameter estimate of 0.406, which stands for medium correlation. Based on this H8 is supported as well.

Table 7: Regression analysis; effect of satisfaction, trust and value on loyalty

	Intercept		Loyalty		R-Square	Adj. R-Square	Root MSE
Satisfaction	*0.0091	0.0221	0.6712	0.0221	0.4610	0.4605	0.7262
Trust	-3.0649	0.1101	0.4057	0.0143	0.4272	0.4266	0.7572
Value	*0.0055	0.0230	0.6500	0.0230	0.4259	0.4254	0.7550

Standard error displayed in grey. All loadings are significant at $p < 0.001$ unless stated otherwise. (*Not significant.)

All dependent variables were proved to have a direct and positive effect on loyalty with strong to medium correlation. Satisfaction and value were both strong determinants of customer loyalty, where trust was found to influence it only moderately.

3.4 Discussion

All the hypotheses suggested were supported according to our quantitative study. This supports the overall discussion around the field of study, as it is clear that all the variables studied have a connection with each other and they all can be regarded to exist as a group and not as independent variables. This also justifies why there is plenty of research on the field and why several results exist. Even though all hypotheses were supported in this study, it is still evident that the strength of the relationships varied. This suggests the business field has its impact in the results and not all services therefore provide similar results.

Table 8: Hypotheses and their links to previous studies

Hypothesis	Result	Link to previous studies
H1	Supported	See H1a-c
H1a	Supported	Szymanski & Hise, 2000; Zeithaml et al., 2002; Anderson & Srinivasan, 2011
H1b	Supported	Harris & Goode, 2004; Flavián et al., 2006; Hwang & Kim, 2007; Liao & Wu, 2009; Chiu et al., 2009; Kim et al., 2009; Harris & Goode, 2010
H1c	Supported	Zeithaml et al., 2002; Khalifa & Liu, 2007; Roushdy, 2013
H2	Supported	Anderson & Srinivasan, 2003; Parasuraman et al., 2005; Liao & Wu, 2009; Chang & Wang, 2011
H3	Supported	Reichheld et al., 2000; Liao & Wu, 2009
H4	Supported	Yang & Peterson, 2004; Kassim & Abdullah, 2010; Chang & Wang, 2011
H5	Supported	Anderson & Srinivasan, 2003; Yang & Peterson, 2004; Liao & Wu, 2009; Chang & Wang, 2011
H6	Supported	Ribbink et al., 2004; Kassim & Abdullah, 2010
H7	Supported	Yang & Peterson, 2004; Ribbink et al., 2004; Khalifa & Liu, 2007; Kassim & Abdullah, 2010; Curtis et al. 2011
H8	Supported	Ribbink et al., 2004; Eid, 2011

The following discusses the links the results have with previous studies, which studies are supported and which are not. The discussion is summarized in the table 8, which also presents the results of the tested hypotheses.

Service quality

It appeared that service quality itself explained approximately half of the variance in satisfaction, value, trust and loyalty scores. The Redemption Process was found to be the strongest effector, which seems relevant, as the method and ease of redemption mostly determine how the customer feels about the service in general. The Redemption Process appeared to have the strongest effect on satisfaction and trust, as the customer's experience defines whether the service can be trusted or not. Promotion Quality received surprisingly low values and its effect was not as high as expected. One probable reason behind this could be the similarity of the category with redemption process but also the fact that it is not as important determinant for the customer's evaluation. Promotion Quality questions focus on the variety and attractiveness of the deal, which are kind of background variables for customer's choice and selection, when Redemption Process instead actually determines how the service really works and how the customer rates the performance. It is not just the offering that matters, but rather how the service itself is performed.

Email Information instead received surprisingly high values and scored higher than promotion quality in satisfaction, value and trust. Its effect was highest on customer's trust and secondly on value. The variables covered in Email Information are accuracy and sufficiency of the deal information given, which actually explains Email Information's higher impact on trust: how much information is given and how sufficient it is to make a purchase decision. This also explains the impact on value: a customer forms the opinion and expectations according to the information received, and at the

point of redemption those expectations are either lived up to or not. Therefore Email Information actually determines whether the service was worth the expected value.

The service quality relationship to loyalty on the other hand received small to medium scores from the independent variables. Promotion Quality and Redemption Process affected loyalty in a medium level where Email Information resulted in with a small change. This is to say, Promotion Quality and Redemption Process are the most significant parts of the service process for the customer and their level of performance affects the repurchase and recommendation probability directly. As the influence level is only moderate, the relationship has also has mediating variables directing the effect. However, the service process can explain half of the variance in loyalty directly.

The results stating direct effect between service quality and the studied variables provide support to the previous studies. Starting with satisfaction, all the covered studies (e.g. Szymanski & Hise, 2000; Zeithaml et al., 2002; Anderson & Srinivasan, 2011), agree that service process has a direct and positive relationship with it. Previously the relationship was tested by dividing the service process into various variables. However, as the Groupon service and its cornerstones differ from traditional e-commerce, no perfectly correspondent variables can be found from the previous studies. However, attributes such as product information, assortment and transaction ease can be said to be very close to Email Information, Promotion Quality and Redemption Process.

The discovered importance of Redemption Process supports the studies of Szymanski & Hise (2000) and Anderson & Srinivasan (2011) who found online convenience and transaction ease strongly affecting customer satisfaction. Also the lower impact of Email Information on satisfaction supports Szymanski & Hise's finding where product information's significance was lower when compared to the other variables. However, the covered stud-

ies do not agree with the minor importance of Promotion Quality; Anderson & Srinivasan found assortment to be one of the most efficient drivers of customer satisfaction.

The service quality - trust relationship was found to be direct, which was indicated by the strong effect of all the service process attributes. This supports the previous studies indicating similar results (e.g. Harris & Goode, 2004; Liao & Wu, 2009). The strong influence of Redemption Process is supported by Reichheld et al. (2000), Anderson & Srinivasan (2003) and Harris & Goode (2010) who also emphasize the ease of use and functionality of the service as important building blocks for trust. Therefore it is essential for trust that the usability of the service is designed smoothly and usage does not require lot of effort. However, Redemption Process represents only one part of the service and the previous studies especially referred to the service as a whole. In other words it is important that all the parts function properly and seamlessly together in order to deliver the impression of professionalism and trustworthiness. However, as redemption plays such an important role in the Groupon service, the functionality statements of the covered authors can be applied. In other words, the performance level of the Redemption Process has a large impact on customer's trust as it defines how well the service is designed and what is the possibility of disappointment and extra-effort for the customer.

When examining the other two studied variables, Email Information and Promotion Quality, it is evident that they also scored with relatively high impact on customer trust. This applies to the perceived web quality – trust relationship studied by Hwang & Kim (2007). Also the studies of Harris & Goode (2010), and Flavián et al. (2006) can be said to be supported: they referred to the layout and functionality of the website as trust building factors, which Email Information can be applied into. Furthermore reliability discussed by Chiu et al. (2009) and Kim et al. (2009) are supported with the results of Promotion Quality, which stands for the attractiveness of the

deals and also to reliability when determining whether the customers feel the offered deals are reliable and thus attractive.

The results of the service process-loyalty relationship did support several previous studies: the relationship was found positive and direct, which is agreed by Zeithaml et al. (2002), Khalifa & Liu (2007), and Roushdy (2013). Therefore the service process does not require any mediators but does itself cause either loyal or disloyal behavior by its pure nature and performance. In other words the ranking of the service determines the loyalty ranking as well. To discuss the impact of Email Information, Promotion Quality and Redemption Process, the study of Roushdy is the most supported. Roushdy's dimensions transactional function and communicational function fit well with Redemption Process and Email Information, the first of which was found to be the most important effector to loyalty. Communicational function instead was likewise with Email Information found to be the least significant factor.

However, as the effect of service process on loyalty was relatively small, even though it explained half of its variation, the role of mediating variables can be assumed. Chang & Wang (2011) likewise resulted in a direct relationship between service process and loyalty with no significant effect. They suggested satisfaction and value to mediate the relationship, which can be supported to the point of satisfaction. The study of Ribbink et al. (2004) was not supported as they stated an indirect service process-loyalty relationship, which instead was confirmed in this research setting.

Talking about value, the relationship with the service process was indeed found direct, but with a surprisingly low level. The positive relationship supports the studies of Anderson & Srinivasan (2003), Liao & Wu (2009) and Chang & Wang (2011), who emphasized value's role in competition, as it is important to deliver high value with the service in order to succeed and gain loyal customers. Also Parasuraman et al. (2005) are supported: the highest scoring Redemption Process applies to their results of efficien-

cy and fulfillment. However in general, the low impact of service quality on perceived value was not supported. One reason behind the results is very likely the similarity of the value variable with satisfaction, which in turn did earn strong effect from the service process. Furthermore, value can also be formed in the long-term and with aid from other variables such as satisfaction and trust, which would explain the low influence of the direct relationship. On the other hand, the results imply the more important role of satisfaction and trust; in this case perceived value is not the priority for the customers but trustworthy and satisfactory service instead. Also the relatively confusing structuring of the value-related questions may have an impact on the results. Customers might have misunderstood the question and thus answered accordingly, which then is not fully in line with their other answers.

The correlation of satisfaction, value, and trust

The relationship between satisfaction and trust turned out as expected: both had a positive effect on each other. The direction of the effect was also evident: satisfaction affected trust much more strongly than trust affected satisfaction. This seems logical: the more satisfied the customer is with the service performance, the more the customer trusts the service and the service provider. Based on this, the customer first has to be satisfied in order to be able to fully trust. The statement supports various previous studies, such as Ribbink et al. (2004) and Kassim & Abdullah (2010), who all found satisfaction having a large impact on trust. Ribbink et al. also pointed out the simultaneous appearance of the variables: when there's one, there's also the other. This is also supported according to the results as satisfaction and trust had both effect on each other.

However, a one-point increase in satisfaction was found to cause greater increase in trust. This does not offer support for Szymanski & Hise (2000), Anderson & Srinivasan (2003 & 2011), Limbu et al. (2011), Horppu et al. (2008), and Liao & Wu (2009), who instead found trust directing the rela-

tionship and having larger impact on satisfaction. However, as so many studies have found trust being the driver, the reason why the results in this case state the opposite lies in the nature of the case company service: as Groupon covers a large variety of service providers and products, it is evident that trust towards the service solely does not guarantee satisfaction; instead, satisfaction is more likely to assure trust as satisfactory experiences, especially in the long term, build the perceived trust of the customers and they are likely to trust the service to create satisfactory experiences in the future as well.

Satisfaction and value scored a strong relationship, but unlike with trust, they appeared to have almost exactly the same impact on each other: neither is each other's cause or consequence. It also seems justifiable to suggest satisfaction and value being very close variables or even different measures of the same phenomenon. These results support the studies of Kassim & Abdullah (2010), Yang & Peterson (2004), and Chang & Wang (2011), who also confirmed the significant impact between the factors. In other words, a value-delivering service results in a high satisfaction, and on the other hand satisfied customers likely recognize receiving service of value. Of course, the impact on the other variable is not directly one to one, as justified in the results, but the impact is still strong. This instead does not offer direct support Anderson & Srinivasan's (2003) statements, which did not take the satisfaction-value relationship for granted: in a competitive market value is not guaranteed by satisfaction. Admittedly, the results received do not tell whether the satisfied Groupon customers actually perceive highest value in the market. The only conclusion is that satisfied customers identify the service delivering value regardless of the value ranking in the competition. On a one-company scale, the impact between satisfaction and value is evident, but the real value is measured in comparison with the other competitors. Based on this, the opinion of Anderson & Srinivasan can be supported.

Talking about the value-trust relationship, the effect was confirmed to be direct and positive. However, it was noted that value affected very strongly on trust, where trust instead had only a medium impact on value. This is to say that value appears hierarchically before trust and therefore the service has to offer value for the customer in order to gain customer's trust. This seems logical: the service of value proves to the customer that the service is being delivered according to promises. It therefore lives up to expectations, and is worth the trust; a one-point increase in value also increases trust by nearly one point. These results support the previous studies as well: Reichheld et al. (2000) and Liao & Wu (2009) have come to a similar conclusion where value has a direct effect on trust and therefore works as a driver for it. The study of Ribbink et al. (2004) is not directly supported as they saw trust in a mediating role between value and loyalty. However, if concentrating only on value-trust relationship, then here value must have an impact on trust. Therefore the study of Ribbink et al. could be partially supported.

The relationships of satisfaction, trust, and value to loyalty

Satisfaction, trust and value were all found to have a positive direct effect on loyalty as expected. Satisfaction and value scored with the highest impact where trust showed only a medium influence. Starting with satisfaction, the strong influence on loyalty supports plenty of earlier studies (e.g. Yang & Peterson 2004, Ribbink et al. 2004, Khalifa & Liu 2007, Curtis et al. 2011), all of which are unanimous with satisfaction being a significant predictor of loyal behavior. Also the work of Kassim & Abdullah (2010) is supported as they discovered the positive relation satisfaction has on word-of-mouth, which is also one variable used in this study behind the loyalty factor.

When analysing the satisfaction-loyalty results further, it appears that satisfaction is not the only amplifier as it explains only half of loyalty's variance. This means the thoughts of Donio' et al. (2006), Chang & Wang

(2011), and Anderson & Srinivasan (2011) are moderately supported as they suggested mediating variables between them. Donio' et al. explain that in order to explain the variance in loyalty completely, additional factors are needed. Along with Anderson & Srinivasan they suggest trust to the mediating role, where Chang & Wang on the other hand propose value to be the mediator. Not commenting on what the specific mediator would be, the idea of additional variables is supported: satisfaction cannot explain loyal customer behavior exclusively even though it is a significant driver.

To continue with satisfaction, the results imply that one point increase in satisfaction causes loyalty to increase nearly 0.7 points. This means that it is not self-evident that a satisfied customer is a loyal customer, and therefore it is assumed that only highly satisfied customers can be considered truly loyal. This supports the early idea of Jones & Sasser (1995), who likewise suggested studying the level of satisfaction in order to find out the true level of loyalty. The difference between even the highest satisfaction scores is remarkable, which explains why add-in satisfaction does not boost loyalty by the same amount: loyalty follows a bit behind and is affected most by the highest levels of satisfaction.

Very close to satisfaction also stands the value-loyalty relation. Like satisfaction, the effect of value on loyalty was found to be strong and positive, which supports Chang & Wang (2011), Liao & Wu (2009), and Yang & Peterson (2004) in their studies with similar results. However, just like satisfaction, neither value explains variance completely but only to 65 per cent, due to which the suggestions of mediating variables in the relationship are welcomed. Ribbink et al. (2004) suggest trust and satisfaction for the role, which could very likely serve in this study as well. However, Ribbink et al.'s statement of mediating variables is supported nonetheless, without specifically stating what the mediators are.

Also, as add in value causes an approximate 0.7-point increase in loyalty, valued service does not necessarily cause loyal behaviour, but clearly,

higher loyalty occurs with higher value. As discussed earlier with value, the real perceived value is measured in comparison with the competing service providers. This statement made by Anderson & Srinivasan (2003) is supported, as it is clear that perceived value does not ensure loyal customers. Therefore the similar scale-like idea that Jones & Sasser suggested with satisfaction, applies probably with value as well: true loyalty occurs in the highest levels of perceived value, which explains the 0.7 point impact on loyalty.

Trust, however, did not have as high an effect on loyalty as it would have expected to. Trust indeed did have an effect on loyalty but only at a medium level. This can be explained with the self-explanatory nature of trust today: as e-commerce has become a regular method of making purchases, reliability of the service is more and more taken for granted. Customers do not find e-commerce as suspicious as earlier, and focus has therefore shifted more into emphasizing the effectiveness and functionality of the services. This can be justified with the strong effect satisfaction and value have on loyalty. However, the mediocre effect found between trust and loyalty supports the studies of Ribbink et al. (2004) and Eid (2011), who also confirmed the direct effect with low impact. Both state trust being a weak determinant for loyalty, but highlight the fact that no e-commerce company can stay in business without fully reliable service. As e-commerce as a market has developed, the elements of expected service have been differentiated. These elements, trustworthiness being one of them, are now required from all of the companies in e-commerce. The fact that trust is taken for granted nowadays emphasizes the importance of building satisfaction and creating value with the service.

Nevertheless, there are also plenty of studies, which are not fully supported due to the strong trust-loyalty influence found in their results, even though their results of a direct and positive nature of the relationship support the findings in this study. For example, Reichheld & Scheffer (2000), Ribbink et al. (2004), Ndubisi (2006), and Harris & Goode (2010) all em-

phasized the impact trust has on loyalty. Therefore it is assumed that either the time in the older studies or the service context in the newer ones have caused the results to embrace trust. As mentioned, the role of trust has been more essential in the early years of e-commerce and it has therefore played a much larger role for the customers in the market. The importance of trust can't be denied even in today's world, but it is now a must-have factor of survival, which explains its lower impact on loyalty today. Furthermore the service context and research method may affect the results.

4 CONCLUSIONS

This chapter concludes the previous discussion and combines the observations made based on the literature and the empirical results. First the overall conclusions are made following the same order as in previous chapters, after which implications on theory and practice are proposed. The chapter ends with insights and suggestions for further research.

The effect of service quality on the level of satisfaction, trust, value, and loyalty

Many features of the service process were discussed earlier and the studies seem to cover different sets of them. Service process and its quality are complex concepts, and based on the studied services different sets are emphasized as the most important ones. However, the service process attributes most frequently covered in the studies have been efficiency and transaction ease, assortment and product information. These match to a large extent with the feature set of the daily deals concept: Email Information, Promotion Quality and Redemption Process. Email Information. Thus, the daily deals concept does not largely differ from other e-commerce service settings when considering the variables that have most influence on the customers. The daily email and website information are basis for customer expectations about the actual service and product itself, which is very similar to any e-service company. Promotion Quality also matches with the assortment and attractiveness of the services and products offered, again similarly with traditional e-commerce companies. Redemption Process is the only one that differs in its nature, as the service or product delivery is not arranged by the daily deals company, but by a business partner. However, as satisfaction and trust towards the daily deals company are determined by the service/product delivery, transaction ease and fulfillment discussed in e-commerce studies can be applied to the case: whether the service is easy to use and delivered according to the promises and expectations. Thus, the key drivers of satisfaction, trust,

value, and loyalty do not differ in daily deals concept when compared to traditional e-commerce.

Service quality was proven to influence strongly on trust and satisfaction, but required additional variables to explain value and loyalty. Supported by literature, the results seem logical: satisfaction and trust can be explained directly to a large extent by the service quality, but value and loyalty require especially satisfaction as an enforcing factor in between.

Redemption Process stood out from the other service process attributes with the strongest influence on the dependent variables. What matters the most for the customers in daily deals concept is the actual service received and the process to receive it. Thus it is essential to emphasize its importance and provide customers a seamless and effortless experience. Emphasized in literature multiple times, transaction ease and efficiency are corner stones for e-services to provide the best service for the customers and to evoke positive perceptions and opinions. Improvements made in this area will have strong impact in all dependent variables covered: satisfaction, trust, value and loyalty.

Apparently, even though Redemption Process explains a large portion of variance in customer perceptions over the dependent variables, all the service process attributes do have an impact on all of them. One attribute may gain larger more emphasis in influencing one variable, but they all still have clear impact. What is the most crucial attribute depends completely on the service. However, the most important drivers will all work on the dependent measures with relative share, and recognizing them is thus essential in order to be able to improve.

It is however evident that the whole service process has to function seamlessly and all parts have to provide satisfaction for the customers. Even though it is important to know which part is the key driver of satisfaction for example, the rest must not be left without notice. Dividing the service pro-

cess attributes into categories helps analyzing which categories have the most impact on customers perceptions, but one must still not forget the big picture. Even though emphasizing and improving the key drivers, also the less important parts must be taken care of and maintained at good service level. In other words, service quality is determined by the service as a whole.

The correlation of satisfaction, trust, and value

Research made to cover the relationships of satisfaction, value and trust delivered rather confusing information. Some studies support satisfaction being the one to affect value and trust, when others state the two latter having an effect on satisfaction. Some studies again consider the relationships to be direct when others propose them to be indirect. Talking about satisfaction and value, the variables seem to be highly connected. Supported by the test results the covered theory speak for their strong relationship: the variables have an almost equal impact of +0.600 to each other. The results could refer to the similarity of the concepts: they cannot be tested together as they both measure more or less the same issue. In other words, satisfaction, value and trust could be so close to each other as concepts that treating them more as one and not as separated factors could be considered feasible.

The strong impact satisfaction and value have on trust was clearly visible in the research results: satisfaction affected trust with 0.947 share and value with 0.945 share. On the other hand trust affected the first with 0.374 and the second with 0.362 share. This is to say that satisfaction and value explain more trust than trust explains them, and thus trust is built through satisfaction and value. Based on both the literature and the empirical results, it is evident that trust is created directly according to the service process attributes, but also based on experiences with the service. Customer forms first an expectation of trust based on the e-service quality, and the customer's post-purchase satisfaction and value perceptions de-

termine whether these expectations are lived up to or not. Therefore the purchase experience works as a confirmatory step, and a satisfied customer with positive value perception considers the service worth of trust. It can be considered that after examining the e-service website, the customers show trust by making a purchase and thus the service provider has to prove worthy by delivering satisfactory and valuable service. As a conclusion it is essential to live up to the customer expectations in accordance to what is promised in the service information, and the customer's trust is won by delivering satisfying and valuable service.

The interrelationships of satisfaction, trust and value speak for the similarity of the variables: each of them resulted with a strong influence with each other and they all appear either as effector or mediator in the literature without a clear consensus of their hierarchy. Thus, it can be assumed that each of them deals with the same phenomenon: all measure whether the service provider has delivered acceptable service and acted according to the expectations. Satisfaction determines whether the service received offered pleasure for the customer, trust instead stands for the customer's perception of the credibility and expertise of the service provider, and finally value compares what is given and what is received. In other words, each variable assesses the same phenomenon from a different point of view: whether the service is delivered according to given promises, perceptions and created expectations. This is also why no unanimous hierarchy has been proposed between the variables.

The relationships of satisfaction, trust, and value to loyalty

The research shows that value clearly has a direct effect on both trust and satisfaction. However, based on the discussion around value's effect on loyalty, it seems that no general consensus appears in the research. It is clear that an effect exist, but the main question, through what the effect is directed, remains still. Do satisfaction and trust mediate the relationship or does value itself work as a mediator for loyalty. In this case, the examined

variable value does have a positive effect on the two others but it still exists in the same level of hierarchy with them. Therefore loyalty would be the third level variable that the three factors build. However, as add-in value causes approximately 0.7-point increase in loyalty, valued service does not necessarily cause loyal behaviour, but clearly, higher loyalty occurs with higher value. Thus increasing customer perceived value also the customer loyalty increases. There is of course relevant discussion concerning value – loyalty relationship in competition: if value perceived is not the highest in the market, loyal behaviour does not occur. Nevertheless, if a company improves its value delivery, it also improves its possibilities to gain loyal customer behaviour and thus strengthens its position in competition. Based on this the impact of perceived value on customer loyalty is justified.

Satisfaction and loyalty seem to have many effectors between them: trust, perceived value, experience, convenience motivation, and purchase size. Also many studies state the relationship to be direct. If not considering the individual aspects, research seems to provide rather similar results than with the value – loyalty correlation: the relation of satisfaction, trust and perceived value is unclear, and all the three variables seem to moderate each other's relationship to loyalty. It is very likely that all the three work closely together and therefore measure the same aspect that lies between the service process and loyalty. It could be justifiable to suggest wrapping them all together into one variable that states whether the experience of the service and the service provider was either good or bad. This could be generally called for example the outcome of the service process.

However, the relationship satisfaction and trust have with each other seem to be very interesting. Few studies demonstrated that when respectively removing either satisfaction or trust, the remaining variable did have larger impact on loyalty. On the other hand, when adding either satisfaction or trust, the variable in focus resulted in with lower impact on loyalty. Based on this it would be justified to suspect collinearity between satisfaction and

trust, due to which removing the other variable would result in as more reliable test and results.

Even though few studies suggest satisfaction not resulting directly as loyalty, satisfaction can still be regarded as important factor for loyalty. As most of the studies recognize the effect between the factors, it is clear that the impact of satisfaction cannot be dismissed. It is difficult to deal with loyalty without taking satisfaction into consideration. In other words, satisfaction is a crucial background variable and main driver for loyalty, no matter of the business field.

Talking about trust's connection to loyalty, the research turned out as expected: the relationship was not so simple. The research results provided rather low influence for trust when compared to the other two variables, value and satisfaction. Also in the literature these two latter were found mediating the impact on loyalty and trust itself was also found as mediator. However, many studies state as well the rather low impact of trust to loyalty. Like discussed in the studies earlier, e-services are a very common method of purchase today, due to which customers assume they can trust the e-service providers. Therefore trust does not work as important effector to loyalty as before, and it is supposed to be default priority to the e-service providers to deliver trustworthy service. It also appears that the level of trust does not essentially hinder the level of customer loyalty. However, it seems that the relationship to loyalty is in general very multifaceted. The studied concepts: service process, value, satisfaction, and trust, do not have a straightforward relationship to loyalty. When studying the relationship one factor at a time, multiple results can be found where some agree with the direct link, some with indirect link, and some believe to the mediating variables between. In addition, the mediating variables seem to be one or two of the remaining concepts. This again would refer to the similarity of the concepts studied: value, satisfaction and trust all address more or less the same issues, due to which they all mediate each others relationships with loyalty.

All in all, based on the literature and the empirical results, it is evident that in e-commerce all the three, satisfaction, value, trust, have an impact on loyalty. This does not differ among the e-service settings and they all are important. To discuss the matter in daily deals point of view, it was proven that satisfaction and perceived value are the main drivers of loyalty and trust has an impact with a minor share. Thus, trust is an essential measure as well in the daily deals, but its must-have nature nowadays affects the results. Therefore to a large extent, trust can't explain loyalty, which is driven mostly by customer satisfaction and delivered value instead. These two also drive customer's trust as stated earlier. In other words, increasing satisfaction and perceived value will increase not only customer loyalty but trust as well, and as such the two are the corner stones of the daily deals service experience.

4.1 Theoretical and practical implications

The most important implications of this study to theory lie in the daily deals concept. Despite the rather different earnings model, the daily deals concept was proved to have a similar effect on customer behavior when compared to traditional e-commerce. Thus, the widely accepted relationships between the service process and the different levels of commitment are also applicable to the daily deals. Based on this, it seems justifiable to propose the teachings to be generalized over the field of e-commerce: many different e-service providers have been studied, this paper included, and the results have demonstrated similar results on a general level (e.g. Reichheld & Scheffer, 2000; Harris & Goode, 2010; Kassim & Abdullah, 2010; Anderson & Srinivasan, 2011). Not talking about the strength of the relationships but emphasizing their significance, which clearly state all the different variables being closely connected.

This study also confirms the less important nature of trust in today's e-services and thus supports the studies of Ribbink et al. (2004) and Eid

(2011) for example. Trust definitely plays a role in all e-commerce transactions, but clearly its emphasis has decreased when online purchases and interactions have become larger part of our daily lives. Thus trust is proposed to be considered as a standard feature and essential corner stone for the e-services to exist, but with less impact on customer loyalty and retention. In other words, more satisfaction and value creation are needed for customers to show loyal behavior.

Based on the previous literature and the results of this study, there is one service process feature that has received a lot of emphasis. Referred here with the name of Redemption Process, features such as functionality, effectiveness, ease of use, effortless design, and transaction ease have been emphasized in the majority of the previous literature (e.g. Szymanski & Hise, 2000; Anderson & Srinivasan, 2003; Parasuraman et al., 2005). The importance of these was supported in this study with the highest scoring impact on all the dependent variables. The influence has neither been questioned by earlier studies, due to which it is proposed as the key driver of the customer responses in e-commerce.

The results provide important insights for e-service managers especially in daily deals concept. The correlations of the studied variables are essential knowledge for understanding the larger picture and being able to focus on the most crucial determinants. Concretely, the study proposes daily deals managers to emphasize the simplicity and effortless nature of Redemption Process in order to increase customer satisfaction, trust, perceived value and finally customer loyalty. Furthermore, creating lasting satisfaction and value with high quality service is the priority to achieve long-term growth and profitability. The nature of trust is to be considered as a basis for all the other variables, but it is to be kept in mind that daily deals customers develop trust through satisfying and value delivering experiences.

4.2 Further research

For further research it would be suggested to aim at more comprehensive picture over the daily deals concept. Due to limited amount of pages, this study covers the service process as a whole but does not offer thorough understanding to any of the features. In other words, this study gives very overall insight on the general relationships and main drivers. However, concentrating on one of the introduced categories (Email Information, Promotion Quality, Redemption Process) would offer more specific knowledge on what exactly in the categories drive customer satisfaction, trust, value and loyalty. This would provide more beneficial insights to the daily deals business. Also focusing on one specific line of business within Groupon, especially on local deals, would offer a possibility to understand each part of the customer journey in more thorough way. This study took all lines of business in consideration but limiting the study only on local, goods, or getaways would emphasize the unique details each line of business has. The more detailed information over them could be used for designing each customer journey according to their own specific requirements and features.

In addition, the limitations concerning the used research method offer chance for further study. This study, along with majority of the literature covered, has used quantitative research methods to describe the customer behavior phenomena in focus. However, it would be important to study the same relationships with a qualitative approach by interviewing the customers. This would provide possibility to drill down into more detailed sources of satisfaction, trust, value and loyalty, and would deliver more specific knowledge for managerial purposes. This would also offer more thorough information of what customers feel and experience in each phase of the service process and how they evaluate what they experience. Therefore qualitative study would offer new point of view to the otherwise very intensely studied field of satisfaction, trust, value and loyalty.

The variables in this study are covered from the daily deals point of view and the results are thus only limitedly generalizable. Therefore, on a theory level it would be suggested to study multiple service settings in one study. More specifically, the fields of trust and transaction ease would be interesting targets. For trust, it would be essential to study its development throughout the history of e-commerce: to find out what the situation has been at the early stages of e-commerce and what the situation is now. This should cover different types of e-services to form a larger picture over the matter. The multi-service approach would offer more generalizable viewpoint, but also provide insight on whether the position of trust remains the same or changes according to the nature of e-service. For transaction ease, a similar type of study would be useful: the importance of effortless and efficient service process is hardly questioned in the literature, but a study focusing solely on its position and influence on customer behavior would offer insights on whether it truly is generally the most important driver of customer satisfaction and the other levels of commitment. Again, a study comparing multiple e-service settings would provide understanding over larger picture instead of focusing on only one type of service.

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APPENDICES

Appendix 1: Survey form

Email Information

Thinking of the Daily Deal emails you receive from Groupon, please rate the following:

- The accuracy of information in the Groupon deal emails you receive.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- How well the Groupon Deal email provided sufficient information to make a purchase.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- The frequency of Daily Deal emails from Groupon.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent

Promotion Quality

Thinking of the deals offered by Groupon, please rate the following:

- The desirability of the Groupon deals.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- The length of time available to redeem deal(s).
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- The attractiveness of the merchants Groupon features.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- The variety of Groupon deals.
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent

Redemption Process

Please rate the following aspects of your most recent Groupon experience:

- The process of redeeming your Groupon(s).
1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent
- The simplicity of redeeming your Groupon deal(s).

1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent

Value

Please rate the following:

- Given the benefits received from the Groupon deal(s) you redeemed, how would you rate the price that you paid?

1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent

- Given the price you paid, how would you rate the benefits of the Groupon deal(s) you redeemed?

1=Poor, 2, 3, 4, 5, 6, 7, 8, 9, 10=Excellent

Satisfaction

Thinking about your most recent Groupon experience in its entirety (i.e., receiving Groupon Deal email, purchasing deal, redeeming deal) please rate the following:

- What is your overall satisfaction with your most recent Groupon experience?

1=Very dissatisfied, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very satisfied

- How well does your most recent Groupon experience meet your expectations?

1=Falls short, 2, 3, 4, 5, 6, 7, 8, 9, 10=Exceeds

- How does your actual Groupon experience compare to an ideal Daily Deal experience?

1=Not very close, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very close

Brand Confidence

Please rate your confidence in purchasing from Groupon.

1=Not at all confident, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very confident

Communicate Exp on Social Network

How likely are you to share your Groupon experience on a social network site? (Facebook, Twitter, blog, etc.)

1=Very unlikely, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very likely

Purchase Next Time

How likely are you to purchase from Groupon in the next 60 days?

1=Very unlikely, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very likely

Recommend

How likely are you to recommend Groupon to someone else?

1=Very unlikely, 2, 3, 4, 5, 6, 7, 8, 9, 10=Very likely

What is your gender?

- Female
- Male
- Prefer not to respond

What is your age?

- 18-24
- 25-34
- 35-44
- 45-54
- 55 or older
- Prefer not to respond

What is your household income?

- Less than \$30K
- \$30K- \$39K
- \$40K- \$49K
- \$50K- \$75K
- \$75K- \$99K
- \$100K- \$124K
- \$125K+
- Prefer not to respond

Appendix 2: Data description, all variables.

Variable	Mean	Std Dev	Variance	Range	Likert-scale
Email Accuracy	7.6023	1.7090	2.9208	1-10	1-10
Email Frequency	6.9321	2.1919	4.8045	1-10	1-10
Email Info	7.4559	1.7527	3.0718	1-10	1-10
Deal Merchants	7.0779	1.5223	2.3173	2-10	1-10
Deal Quality	6.9280	1.7112	2.9283	1-10	1-10
Deal Variety	7.1494	1.6745	2.8039	1-10	1-10
Process Redeem	8.0628	1.8206	3.3146	1-10	1-10
Process Simplicity	8.1360	1.6531	2.7328	1-10	1-10
Sat - Expectations	7.5963	1.9625	3.8515	1-10	1-10
Sat - Ideal	7.3456	1.5774	2.4881	2-10	1-10
Sat - Overall	7.7835	1.8799	3.5339	1-10	1-10
Price Paid	7.8287	1.5434	2.3821	1-10	1-10
Price Quality	7.8030	1.4705	2.1622	1-10	1-10
Brand Confidence	7.5083	1.6495	2.7210	1-10	1-10
Purchase Next Time	7.1853	2.0239	4.0961	1-10	1-10
Recommend	7.8789	1.8038	3.2537	1-10	1-10

N=546.

Appendix 3: Factor Analysis.

Factor Pattern - Email Information	Factor 1	Comm.	MSA
Email Information	0.8684	0.6013	0.7540
Email Accuracy	0.8354	0.6214	0.6979
Email Frequency	0.7203	0.7635	0.5188
Var. Exp.	1.9708		
Cron. Alpha	0.7328		

Factor Pattern - Promotion Quality	Factor 1	Comm.	MSA
Deal Merchants	0.8936	0.7986	0.6899
Deal Quality	0.8964	0.8036	0.6855
Deal Variety	0.8421	0.7092	0.7992
Var. Exp.	2.3113		
Cron. Alpha	0.8490		

Factor Pattern - Redemption Process	Factor 1	Comm.	MSA
Process Redeem	0.9432	0.8897	0.5000
Process Simplicity	0.9432	0.8897	0.5000
Var. Exp.	1.7793		
Cron. Alpha	0.8760		

Factor Pattern - Satisfaction	Factor 1	Comm.	MSA
Sat - Overall	0.9433	0.8898	0.6320
Sat - Expectations	0.9304	0.8657	0.6494
Sat - Ideal	0.8389	0.7037	0.8829
Var. Exp.	2.4592		
Cron. Alpha	0.8892		

Factor Pattern - Value	Factor 1	Comm.	MSA
Price Quality	0.9770	0.9546	0.5000
Price Paid	0.9770	0.9546	0.5000
Var. Exp.	1.9092		
Cron. Alpha	0.9524		

Factor Pattern - Loyalty	Factor 1	Comm.	MSA
Purchase Next Time	0.8996	0.8092	0.5000
Recommend	0.8996	0.8092	0.5000
Var. Exp.	1.6185		
Cron. Alpha	0.7642		

N=546.

Appendix 4: Data description, factors.

Variable	Mean	Std Dev	Range
Email In-formation	4.2E-17	1.000	-3.5-1.7
Promotion Quality	-1.4E-16	1.000	-3.5-2.1
Redemption Process	-3.7E-17	1.000	-4.3-1.2
Satisfaction	-3.6E-17	1.000	-3.6-1.5
Value	6.1E-17	1.000	-4.6-1.5
Trust	7.5E+00	1.650	1.0-10.0
Loyalty	-1.7E-17	1.000	-3.8-1.4

N=546.

Appendix 5: Correlation matrix

	Email In-formation	Promotion Quality	Redemption Process	Satisfaction	Value	Trust	Loyalty
Email In-formation	1.0000 505	0.5894 <.001 498	0.4418 <.001 503	0.5358 <.001 504	0.5140 <.001 501	0.5442 <.001 505	0.5638 <.001 505
Promotion Quality	0.5894 <.001 498	1.0000 534	0.3738 <.001 532	0.4386 <.001 533	0.5161 <.001 529	0.4652 <.001 534	0.6003 <.001 534
Redemption Process	0.4418 <.001 503	0.3738 <.001 532	1.0000 541	0.6880 <.001 540	0.5449 <.001 535	0.5666 <.001 541	0.5747 <.001 541
Satisfaction	0.5358 <.001 504	0.4386 <.001 533	0.6880 <.001 540	1.0000 544	0.6686 <.001 537	0.5909 <.001 544	0.6715 <.001 544
Value	0.5140 <.001 501	0.5161 <.001 529	0.5449 <.001 535	0.6686 <.001 537	1.0000 538	0.5703 <.001 538	0.6572 <.001 538
Trust	0.5442 <.001 505	0.4652 <.001 534	0.5666 <.001 541	0.5909 <.001 544	0.5703 <.001 538	1.0000 545	0.6625 <.001 545
Loyalty	0.5638 <.001 505	0.6003 <.001 534	0.5747 <.001 541	0.6715 <.001 544	0.6572 <.001 538	0.6625 <.001 545	1.0000 545

N=546.

Appendix 6: Regression analysis, service process.

	Satisfaction	Value	Trust	Loyalty
Intercept	**0.0133 0.0302	**0.0025 0.0341	7.5262 0.0538	**0.0311 0.0302
Email Information	0.2249 0.0399	0.1996 0.0447	0.4335 0.0707	0.1861 0.0397
Promotion Quality	*0.0934 0.0377	0.2656 0.0426	0.2852 0.0673	0.3439 0.0378
Redemption Process	0.5649 0.0343	0.3558 0.0380	0.6725 0.0601	0.3690 0.0337
R-Square	0.5522	0.4333	0.4721	0.5365
Adj. R-Square	0.5495	0.4298	0.4689	0.5337
Root MSE	0.6720	0.7565	1.1978	0.6725

N=546. Standard error is displayed in grey. All loadings are significant at $p < 0.001$.
 (*Significant at < 0.05 , **Not significant.)

Appendix 7: Regression analysis; interrelationships of satisfaction, trust and value.

	Trust	Value
Intercept	7.5165 0.0568	*-0.0035 0.0320
Satisfaction	0.9689 0.0568	0.6723 0.0323
R-Square	0.3491	0.4470
Adj. R-Square	0.3479	0.4460
Root MSE	1.3240	0.7425

	Satisfaction	Value
Intercept	-2.7087 0.1626	-2.5863 0.1648
Trust	0.3604 0.0211	0.3448 0.0215
R-Square	0.3491	0.3252
Adj. R-Square	0.3479	0.3239
Root MSE	0.8075	0.8222

	Satisfaction	Trust
Intercept	*0.0081 0.0319	7.5000 0.0586
Value	0.6650 0.0320	0.9430 0.0587
R-Square	0.4470	0.3252
Adj. R-Square	0.4460	0.3239
Root MSE	0.7384	1.3597

N=546. All loadings are significant at $p < 0.001$. (*Not significant.)

Appendix 8: Regression analysis; effect of satisfaction, trust and value on loyalty.

	Intercept				Loyalty				R-Square	Adj. R-Square	Root MSE
Satisfaction	*0.0017	0.0318	0.6716	0.0318	0.4509	0.4499	0.7418				
Trust	-3.0154	0.1498	0.4016	0.0195	0.4389	0.4378	0.7498				
Value	*0.0164	0.0322	0.6506	0.0322	0.4319	0.4308	0.7469				

N=546. All loadings are significant at $p < 0.001$. (*Not significant.)