

# **Servicescape and shopping value: The role of negotiation intention, social orientation, and recreational identity at the Istanbul Grand Bazaar**

## **ABSTRACT**

This paper examines the influence of negotiation intention, recreational shopper identity, and social shopping orientation on both servicescape and visitors' overall shopping value in the Istanbul Grand Bazaar. We developed and tested a conceptual model using a sample of 300 international visitors to the Bazaar. The results demonstrate that bargaining intention, recreational functions, and social interactions influence servicescape. This implies that, when tourists are motivated by bargain hunting, recreation, and socialisation, their attitude towards the shopping environment is more positive, which subsequently results in increased overall shopping value. Implications for managerial practice are also presented alongside suggestions for future research.

**KEYWORDS:** Negotiation intention; Recreational shopper identity, Social shopping orientation, Servicescape.

## **INTRODUCTION**

The unique atmosphere, historical significance, authentic products, and extensive social characteristics inherent within traditional marketplaces combine to create popular tourist destinations (McMillan, 2003). One prominent example of this, the Istanbul Grand Bazaar, hosts over half-a-million daily visitors and stands as a distinguished cultural attraction in the historic peninsula of Istanbul, Turkey (Kose, 2009). With its innate physical complexity and diverse intangible characteristics, the Istanbul Grand Bazaar provides visitors with a distinctive experience (Gülersoy, 1980), laden with culture, history, and tradition (Budruk et al., 2008). These characteristics contribute significantly to tourists' overall travel experience, where the Bazaar serves as a vessel for authentic cultural consumption couched within the domain of a unique leisure activity (Thompson et al., 2017). The physical environment, service providers, other tourists, and the products and services available at traditional marketplaces intermingle and interact to such an extent that they significantly influence tourists' overall experience (Mossberg, 2007). As such, understanding the role of the service environment is vital for those managing consumption-focused tourist destinations, with particular emphasis on how best to curate the service offering in order to meet visitor expectations (Bitner, 1992; Lyu, Hung & Mao, 2017).

First introduced by services marketing scholars, the term 'servicescape' is concerned with how a service environment is constructed and represented to visitors and consumers (Bitner, 1992; Daunt & Harris, 2013). It is crucial in stimulating an appropriate visitor experience and transmitting messages to customers regarding the quality and value of the experience (Bitner, 1992; Donovan & Rossiter, 1982). There are a number of environmental cues that impact upon the flow of the service experience and influence consumers' value perceptions and emotional responses to the environment (Alfakhri, Harness, Nicholson, & Harness, 2017). While environmental cues are significant in the development of a retail

experience, the final impact may differ with regards to customers' affective states, expectations, and other cognitive responses (Snodgrass et al., 1988). Therefore, particular attention should be given to motivation-based shopping and the perceived servicescape and determinants of overall value in a consumption environment (Arnolds & Reynolds, 2003; Westbrook & Black, 1985). Thus, motivation-based shopping influences the emotions induced by the environmental factors of a retail space (Dawson et al., 1990). Within this backdrop, this study considers the concept of 'servicescape', coined by Bitner (1992), to epitomise the tangible and intangible characteristics and physical environment of a service setting, which influences consumer perceptions and visitor-employee interactions therein.

The influence of the environment on the visitor-experience is recognized across environmental psychology and marketing literature (Bitner, 1992; Clithero, Stokols, & Zmuidzinas, 1998; Dagger & Danaher, 2014; Mari & Poggesi, 2013). Mehrabian and Russell (1974) describe environmental psychology theory as the sequential interactions between environmental stimulus (the servicescape), the individual's emotional state, and their subsequent response. Clithero et al. (1998, p.104) suggest that "...dynamic models of the environment and behaviour should identify those personal factors descriptive of the individual and group, and their interaction, relevant to the context under consideration". Based on behaviour setting theory (Barker, 1968), Tombs and McColl-Kennedy (2003) suggest that the occasion-specific aspects of service settings influence its physical characteristics and the shopper's behavioural outcomes. In this case, servicescape is influenced by both occasion and travel-specific characteristics (negotiation intention, recreational shopper identity, social shopping orientation) that subsequently influence the visitors' behavioural response (overall shopping value). Therefore, it is important for urban tourism planners and managers to understand the potential components that affect how visitors evaluate the destinations that they visit (Weaver et al., 2007; Durna et al., 2015;

Wakefield & Blodgett, 2016). Based on the above, this study contributes to travel and tourism discourse on two fronts. First, it examines the role of occasion-specific factors incumbent within behaviour settings theory on servicescape within a heritage tourism context (Istanbul Grand Bazaar). Second, it explores the relationship between servicescape and the aforementioned occasion-specific behaviour settings factors, and their subsequent impact on behavioural outcomes within the Bazaar. In doing so, the paper builds and tests a conceptual framework in order to explore factors impacting upon servicescape in the context of the Istanbul Grand Bazaar. Moreover, it extends current understanding of the impact of negotiation intention, recreational shopper identity, and social shopping orientation on both servicescape and overall shopping value, supported by theoretical contributions, managerial implications and suggestions for future research.

## **LITERATURE REVIEW**

The role of the physical component of the retail environment has received sustained attention across disciplines (Baker, 1986; Daunt & Harris, 2013; Turley & Milliman, 2000; Wakefield & Blodgett, 2016). The term *atmospherics* was first employed by Kotler (1973, p. 50) when referring to “*the conscious designing of space to create certain effects in buyers*”, where it was viewed as a marketing tool in relation to the influence of surroundings on the behavioural responses of individuals. Its focal premise is that the environment affects individuals’ behaviour via emotional mechanisms that can be controlled in perceivable ways through design preferences (Alfakhri, Harness, Nicholson, & Harness, 2017). However, a wider perspective on atmospherics was suggested by Mehrabian and Russell (1974), who analysed consumer perceptions of environmental stimuli. Their model demonstrates a cause-and-effect relationship between environmental factors, individuals’ emotional states, and their approach or avoidance behaviour (Mehrabian & Russell, 1974; Donovan & Rossiter, 1982). The individuals’ emotional state is an important mediating variable induced by the

physical environment in influencing behavioural responses (Donovan & Rossiter, 1982; Wakefield & Blodgett, 1994) as consumers react emotionally to their physical surroundings such as store layout, background music, lighting and interior design (Lee et al., 2014; Morin, Dubé & Chebat, 2007).

Focussing on the importance of the physical environment, Bitner (1992) constructed a model which identified servicescape as an extension of Mehrabian and Russell's (1974) work. *Servicescape*, as a conceptual framework, has been widely used when referring to the 'physical environment' (Baker, 1986), 'store atmosphere' (Donovan & Rossiter, 1982), 'built environment' (Wakefield & Blodgett, 1994), and 'marketing environment' (Turley & Milliman, 2000). A servicescape is where service encounters take place, and it consists of many tangible and intangible components (Hoffman & Turley, 2002). These include: overall layout, architecture, interior décor, temperature, lighting, and scent which together influence consumers' cognitive, emotional, and physiological responses (Alfakhri, Harness, Nicholson, & Harness, 2017; Lee et al., 2014).

Further, a servicescape "evokes emotions which help determine value so motivating customers to patronize a given choice repeatedly" (Babin & Attaway, 2000, p.93), and influences consumers' behavioural responses and employees' productivity and satisfaction (Bitner, 1992; Parish, Berry & Lam, 2008). In addition to ambient and design factors, the components of the physical stimuli contribute to social interactions between customers and service providers (Zeithaml et al., 2006). Rosenbaum and Massiah (2011, p.475) suggest that, "customer approach/avoidance decisions are influenced not only by physical stimuli but also by social, humanistic stimuli". Thus, social factors contribute significantly to shaping the overall service experience (Choo & Petrick, 2014). With regards to travel and tourism servicescapes, the relevance is no less important. Developments across the industry induce a competitive tourism marketplace, where service-centred destinations or attractions must

exhibit a degree of physical distinctiveness in order to be considered exotic or novel by tourists (Bonn et al., 2007). With this in mind, an attraction's environmental stimuli can be curated in order to enhance visitors' experiences (Bonn et al., 2007; Risitano et al., 2017). The success of leisure activities and attractions are contingent on visitor perceptions of the servicescape, as the physical surroundings play a significant role in defining tourists' level of satisfaction (Wakefield & Blodgett, 2016) and their subsequent behaviours (El Sayed et al., 2003). Further, environmental and social factors influence tourists' value perceptions (Wakefield & Blodgett, 2016), and Yuksel (2007) and Bäckström (2006) suggest that these servicescape elements encourage tourists to engage with retail spaces.

### ***Effect of negotiation intention on servicescape***

Negotiation is a transactional process where actors collaborate to make a decision by reaching a mutually acceptable agreement (Raiffa et al., 2007). The communication literature widely acknowledges that negotiation is a process of social interface, collaborative and interactive decision-making, bargaining, and conflict-management (Raiffa et al., 2007). Various approaches to negotiation have been posited, with the most common being distributive and integrative strategies. Distributive negotiation is considered as a win-lose or zero-sum situation, with both parties aiming to maximise their gain from the process itself (Goering, 1997). In a distributive strategy, each party generally behaves in a tactical manner by providing optimal offers, threats, or unconditional concessions (Goering, 1997; Raiffa et al., 2007). Conversely, integrative negotiation generates a win-win situation where parties attempt to maximise joint gains, creating a variable-sum situation where both benefit equally (Raiffa et al., 2007) and reach a mutually acceptable solution. Thus, distributive and integrative approaches to negotiation comprise tactics and behaviours implemented during the bargaining process.

Bargaining is a subset of negotiation in which both parties adopt a competitive approach (Darke & Dahl, 2003). Bargaining over price is ingrained in the culture in some countries (Kozak, 2016). Generally, it takes place in independent shops and local markets, where customers haggle with shopkeepers for the best possible prices (Lee, 2000). From an economic perspective, bargaining relates to value for money (Tsang et al., 2011), where both parties decide a product's value through negotiation before reaching a final agreement (Kozak et al., 2017). Alongside economic gain, the pursuit of low prices may also stimulate subjective value for consumers, such as psychological well-being and a sense of achievement (Cox et al., 2005). Bargaining is accepted as a social practice (Kozak, 2016), which enhances the shopping experience (Tsang et al., 2011), leading to overall satisfaction (Cox et al., 2005). Hence, bargaining with local vendors can be a source of pleasure as well as of monetary benefit (Darke & Dahl, 2003; Cox et al., 2005). Lee (2000) suggests that differences in consumers' general bargaining attitudes influence their intention to engage in negotiations. A more positive attitude toward retail bargaining induces higher levels of bargaining intention (Lee, 2000), resulting in higher levels of satisfaction and a greater likelihood to recommend and revisit a site or destination (Tsang et al., 2011; Wieseke et al., 2014). Cognisant of this, the physical environment of a service setting or destination has a significant impact on visitors' intention to engage and negotiate with local vendors, as Bitner (1992) suggests that environmental factors often improve the nature and quality of social interactions between hosts and guests, resulting in higher intention to engage in bargaining during the visit (Lee, 2000). Therefore, we hypothesise:

**H1:** Negotiation Intention is positively related to servicescape.

### ***Effect of recreational shopper identity on servicescape***

Shopping plays a significant role in many tourists' travel experience (Jansen-Verbeke, 1994; Yuksel, 2007; Kemperman et al., 2009; Timothy, 2005). Shopping while travelling is

considered recreational (Yuksel, 2007) and frequently emphasized as an important travel motivation (Timothy, 2005). Recreational shopping is an enjoyable and entertaining activity, influencing consumer behaviour and perception (Guiry, Magi, & Lutz, 2006). Recreational shoppers have been labelled as ‘enthusiasts’ (Arnolds & Reynolds, 2003), whose enjoyment is derived mainly from the shopping environment (Bellenger & Korgaonkar, 1980). These consumers are likely to revel in every aspect of the shopping experience. Guiry et al. (2006) studied the recreational shopper identity scale to examine and understand consumers’ self-concept, based on their experiences in relation to hedonic attitudes. The concept of recreational shopper identity is defined as a dimension that relates to one’s subjective expression of self through recreational shopping activities (Guiry et al., 2006). Consumers with a powerful recreational shopper identity are more likely to have a sense of excitement and pleasure regarding their shopping activity (Guiry et al., 2006). A high level of recreational shopper identity also demonstrates that consumers are more likely to express their self-identity, fully explore the service environment, and spend more time at the places they visit (Hawkings et al., 2009).

Extant research demonstrates that shopping environment plays a significant role on consumers’ behavioural responses (Bitner, 1992; Morin, Dubé, & Chebat, 2007), with Donovan and Rossiter (1983) suggesting that pleasing perceptual aspects of the retail environment positively influence shopping activity. Irrespective of product purchase, recreational shoppers are likely to seek shopping experiences and attach greater importance to store environment (Ballantine et al., 2010) leading to positive approach behaviour. Similarly, Cox et al. (2005) suggest that recreation-oriented shoppers derive enjoyment from browsing the environment. Further, Yuksel (2007) posits that this environment has a significant impact on approach behaviour while shopping on vacation. As such, the physical environment of a

service setting plays a significant role in boosting shoppers' pleasure and enjoyment (Jones, 1999; Bäckström, 2006; Ballantine et al., 2010). As such, it is hypothesised:

**H2:** Recreational shopper identity is positively related to servicescape.

### ***Effect of social shopping orientation on servicescape***

Shopping orientation is associated with a disposition to engage in shopping activity and is conceptualised through lifestyle features including attitude, opinions, and interests (Bellenger & Korgaonkar, 1980). Research on shopping orientation focuses on two fundamental dimensions: hedonic and utilitarian orientation (Babin et al., 1994), where individuals are either socially-oriented or task-oriented (Baker & Wakefield, 2011). Social-oriented shopping provides an opportunity to socialise through face-to-face interactions and bonding experiences (Arnold & Reynolds, 2003), whereas task-oriented consumers focus purely on the transaction. Socially-oriented shoppers engage “*in shopping primarily to satisfy needs unrelated to the acquisition of products*” (Westbrook & Black, 1985, p. 80). A predisposition to reciprocal interaction is regarded as a characteristic of social shopping orientation. As such, social shoppers pursue interpersonal relations, communication with others, and typically prefer group attractions (Arnold & Reynolds, 2003; Srivastava & Kaul, 2014).

Meng & Xu (2012) state that, while travelling, shoppers differ in whether they behave in a social or task-oriented manner. Socially engaged tourists are more likely to seek opportunities to interact with local people, other customers, and service providers in order to develop connections between themselves and others in the places they visit (Yu & Littrell, 2003). Further, social aspects assist in generating the overall service experience along with environmental cues (Tombs & McColl-Kennedy, 2003; Harris & Ezeh, 2008). While Bitner's (1992) servicescape framework does not include social factors, she suggests that social interactions are considered as the outcome of the consumers' response to the service

environment. However, Hu and Jasper (2006) claim that consumers have a more positive attitude towards a service setting when a greater range of social cues were presented in a store environment. Therefore, social attributes are not only apparent in the interaction between consumers and service providers, but also contribute to the consumers' relationship with the environment itself. Therefore:

**H3:** Social shopping orientation is positively related to servicescape.

#### ***Effect of occasion-specific behaviour settings factors and servicescape on shopping value***

Shopping value is a subjective response, “*characterized by consumers’ interactions with an environment*” (Babin et al., 1994, p.654). More specifically, consumers’ perceived value is indicated not only by the product but also by the overall shopping experience (Edvardsson, Enquist, & Johnston, 2005). Shopping is a recreational activity for some consumers, whilst others view it as a task to be completed for utilitarian purposes (Guiry et al., 2006). Thus, shopping value can be derived from both utilitarian and hedonic stimulus (Babin et al., 1994). Utilitarian value emerges from the intentional pursuit of an intended shopping outcome (Babin et al., 1994), and relates to functional and rational shopping behaviour (Ryu et al., 2010). Shoppers driven by utilitarian motives see it as a task to be completed as efficiently as possible (Baker & Wakefield, 2011). They may appraise their shopping experience based on the tangible characteristics of products and services obtained (Babin et al., 1994). In contrast, hedonic shopping value stems from non-purchase motives (Hirschman & Holbrook, 1982), where consumers actively seek recreational experiences involving enjoyment, excitement, and aesthetic pleasure while shopping (Babin et al., 1994).

Tourists ascribe considerable importance to unique architecture, local culture and appealing physical settings (Kinley et al., 2003). Yüksel (2007) suggests there is a strong relationship between perceived atmospherics and tourists’ emotional states, where tourists

with positive attitudes to a service setting are likely to experience higher levels of shopping value. Similarly, Baker et al.'s (2002) findings demonstrate that atmospheric factors in service settings significantly influence perceived shopping value, enhancing consumers' behavioural intentions. Tourists also seek both functional and experiential benefits offered by service attributes as well as product acquisition on vacation (Yu & Littrell, 2005). For example, intention to negotiate with service providers and vendors may provide utilitarian value, with tourists obtaining a discount (Kozak et al., 2017), whilst also providing hedonic value for some who feel a sense of achievement and excitement during the negotiation process (Yu & Littrell, 2005; Tsang et al., 2011). An enjoyable shopping experience is an important hedonic benefit; with recreational shoppers experiencing higher levels of value in this regard (Babin et al., 1994). Recreation-oriented tourists view shopping as a leisure activity involving several outcomes such as length of stay, increased planned or unplanned purchasing, and a more positive assessment of the store environment (Jansen-Verbeke, 1991). Tourists who consider their experience valuable are more likely to revisit a destination (Yüksel, 2007). Many tourists also seek certain experiences in store environments, such as social interaction with service providers and other shoppers (Yüksel, 2007) to fulfil their emotional and psychological needs (Bitner, 1992). Therefore, interpersonal relationships represent a significant component of the experience, influencing individuals' overall perceived shopping value (Baker & Wakefield, 2011). Within this context, it is postulated that:

**H4:** Servicescape is positively related to overall shopping value.

**H5:** Negotiation intention is positively related to overall shopping value.

**H6:** Recreational shopper identity is positively related to overall shopping value.

**H7:** Social shopping orientation is positively related to overall shopping value.

[Figure 1 Here]

## METHODOLOGY

### *Measures and Sample Description*

The Istanbul Grand Bazaar, founded in 1461, is one of the world's largest and oldest historical trade centres (Koroglu, Eceral & Ugurlar, 2009). In the 15th century, two bedestens (covered craft markets) were constructed to generate finance for the Ayasofya Mosque (Gulersoy, 1980). Later, the bedestens evolved to become the core of the Bazaar enjoyed by locals and tourists alike to this day. Over the centuries, the structure of the Bazaar has morphed into its current contemporary plan (Gharipour, 2012). Today's complex structure consists of hamams (traditional Turkish baths), a number of hans (commercial buildings), two mosques, several cafés, and restaurants. The Bazaar contributes significantly to the city's economy and remains a central place for the jewellery industry and other craft entrepreneurs. With more than 3,000 shops and 64 covered streets, it offers a variety of traditional products including antiques, carpets, spices, artworks and Turkish handicrafts, as well as an authentic atmosphere, where it serves as hub of commercial and social activity (Köse, 2009; Gharipour, 2012). In terms of social activity, *pazarlık* (the haggling process) is a traditional culture in Turkey and an important aspect of the shopping experience throughout the Bazaar. During the haggling process, buyers and sellers interact verbally regarding the price of an item and the deal is sealed with a handshake. Along with haggling, shopping in the Bazaar encompasses many aspects of Turkish culture, such as offering a cup of tea to welcome visitors. Today, the Bazaar plays an important role in the economy of the country, attracting a wide range of international and domestic tourists. Since its establishment, it has provided trade and craft activity whilst reflecting the city's social and cultural identity (Koroglu, Eceral & Ugurlar, 2009; Gulersoy, 1980).

To test the hypotheses, data was collected via a self-administered, online, cross-sectional survey collected during a four-week period in July 2015. The sample consisted of Western tourists who had visited the Bazaar. Both judgmental and snowball non-probability sampling techniques were used to collect data. To collect the data the questionnaire was distributed online, using the Survey Monkey ([www.surveymonkey.co.uk](http://www.surveymonkey.co.uk)). Judgmental and snowball sampling are effective ways of collecting data with the aim of theoretical development rather than generalisation (Bryman and Bell, 2015; Wells, Taheri, Gregory-Smith, & Manika, 2016). In practice, the research team first contacted participants who had travelled to the Istanbul Bazaar recently via social media websites (e.g., Facebook, Twitter, LinkedIn). Second, the research team asked these participants to distribute the questionnaires among their friends or relatives who had also visited the Istanbul Grand Bazaar recently. A total of 325 questionnaires were collected with some (25) excluded due to non-response and inaccuracy. The final sample consisted of 300 valid questionnaires, yielding an acceptable response rate of 92%.

With regards to the demographic characteristics of the respondents, 63% were female and 37% male, with 70% European, 18% North American, 8% Australian and 4% South American. Regarding age, the majority of respondents were between the ages of 25 and 34 (56%). As for marital status, 84% were single. With regards to education levels, the majority (62%) held bachelor degrees, followed by Master's degrees (32%), high school graduates (4%) and doctoral degrees (2%). Almost 56% of respondents reported to be in full-time employment.

To safeguard content validity, constructs were employed from existing scales established within the literature. Items were measured with a 7-point Likert scale (from 1 = strongly disagree to 7 = strongly agree). The negotiation intention scale was taken from Lee (2000) and is comprised of three-items: intention to bargain prior to purchase, intention to

negotiate down the price prior to purchase, and a good price expectation prior to purchase. The five-item recreational shopper identity scale was adapted from Guiry et al. (2006). This construct was used to evaluate the tourists' self-concept. It consisted of items relevant to recognising, pleasing or expressing one's self through shopping activity. The three-items pertaining to shopping orientation were borrowed from Arnold and Reynolds (2003), and the twelve-item servicescape scale was adapted from Dagger and Danaher (2014). Finally, to measure overall shopping value, two dimensions of this construct were employed from Arnold and Reynolds (2009), who argue for the potential use of second-order constructs (hedonic value (seven-item scale) and utilitarian value (four-item scale)) to capture this phenomenon. MacKenzie et al. (2005) state that a higher order measurement "faithfully represents all of the conceptual distinctions that the researcher believes are important and provides the most powerful means of testing and evaluating the construct".

### ***Common Method Variance (CMV)***

A potential violation of common method bias in this study was tested (Podsakoff et al., 2003; Taheri, 2015). Dependent and independent variables were placed in different parts of the survey. Two statistical tests were used to detect a possible violation of CMV. First, Harman's single-factor test was employed. The findings of the exploratory factor analysis (EFA) indicated nine factors with Eigenvalues greater than 1, with the highest portion of variance presented by one factor 28.184% (Podsakoff et al., 2003). Second, following Liang, Saraf, Hu, and Xue's (2007) procedure, a common method factor was included in the partial least squares structural equation modelling (PLS-SEM) model. While the constructs of the model explain 0.64 on average, the common method factor only explains 0.01 on average, yielding a ratio of 64:1. As such, CMV was not a concern for this study.

## RESULTS

PLS-SEM was employed as the method of analysis as it can deal with small sample sizes (Hair, Hult, Ringle, & Sarstedt, 2017). Further, this approach is based on variance compared with other covariance-based approaches, enabling it to deal with more complex models when compared to covariance-based SEM. Thus, it is suitable for exploratory quantitative studies (Wells et al., 2016). Finally, PLS-SEM can be employed for different measurement constructs including reflective, formative and higher-order constructs (Hair et al., 2017).

### *Analysis of Reflective Measurement Models*

The reliability and validity of the reflective constructs was assessed using composite reliability (CR), Dijkstra-Henseler's rho ( $P_A$ ), factor loadings, and average variance extracted (AVE). All CR and  $P_A$  values surpassed the cut-off point of 0.7. Further, the factor loadings reported values above the obligatory threshold of 0.6 (Hair et al., 2010). The AVE exceeded the threshold of 0.5 for all constructs (Hair et al., 2010; Hair et al., 2017) (**Table 1**). Discriminant validity was assessed with Fornell and Larcker's (1981) criterion, which requires a construct's AVE to be superior to the square of its largest correlation with any construct (**Table 2**).

[Table 1 Here]

[Table 2 Here]

### *Analysis of Higher-Order Model*

Exploratory Factor Analysis (EFA) was used to investigate whether the overall shopping value construct was a higher-order construct reflectively illustrated by two lower-order factors. We found that the overall shopping value construct was represented by two factors (hedonic and utilitarian value). All items had a loading value above the minimum threshold (0.4) for each dimension (Field, 2006). The hedonic values and utilitarian values first-order

constructs also reported CR,  $P_A$  and AVE values above the required threshold (see **Table 1**). The repeated measures approach for estimation of the hierarchical component models (HCMs) procedure in PLS-SEM was used to assess the validity of the second-order construct (Becker, Klein, & Wetzels, 2012; Lee, Hallak, & Sardeshmukh, 2016). In practice, (1) all items were assigned reflectively to their respective main dimensions, (2) all items were assigned to the second-order construct, and (3) the first order constructs (hedonic values and utilitarian values) were linked reflectively to the second-order construct. The results demonstrate that the association between the overall shopping value construct and the first-order constructs was significantly higher than 0.5 (**Figure 2**). Therefore, the findings support the assertion that overall shopping value is a second-order construct underpinned by two first-order constructs.

**[Figure 2 Here]**

### ***Structural Model and Key Results***

The non-parametric bootstrapping technique with 300 cases, 5000 subsamples was used (Hair et al., 2014). Following Cohen's effect size ( $f^2$ ) for the significant direct paths, all direct paths were above 0.02 and therefore satisfactory (Henseler, Ringle, & Sinkovics, 2009) (**Figure 2**). The Standardised Root Mean Square Residual (SRMR) model fit criterion was employed (Henseler et al., 2016). The SRMR value was 0.067, which is below the recommended value of 0.08. The PLS-SEM model explained 14% of servicescape and 49% of overall shopping value. As **Figure 2** demonstrates, negotiation intention positively influenced servicescape (H1:  $\beta=0.117$ ,  $t=2.832$ ,  $p<0.05$ ). Recreational shopper identity also positively affected servicescape (H2:  $\beta=0.240$ ,  $t=4.537$ ,  $p<0.001$ ), as did social shopping orientation (H3:  $\beta=0.133$ ,  $t=2.084$ ,  $p<0.05$ ). In support of H4, the results indicate a positive relationship between servicescape and overall shopping value ( $\beta=0.390$ ,  $t=7.579$ ,  $p<0.001$ ). Further, negotiation intention (H5:  $\beta=0.233$ ,  $t=5.194$ ,  $p<0.001$ ) and recreational shopper

identity (H6:  $\beta=0.269$ ,  $t=5.547$ ,  $p<0.001$ ) significantly influenced overall shopping value. However, social shopping orientation did not have a significant effect on overall shopping value ( $\beta=0.017$ ,  $t=1.540$ ). Thus, **H7** was rejected. Following Lee et al.'s (2016) recommendation, the correlations between each dimensions of overall shopping value and the aforementioned related constructs was examined (**Table 3**). The results indicate that there are significant positive relationships between the majority of the related constructs and hedonic value and utilitarian value. However, there are no significant relationships between social shopping orientation and either hedonic value or utilitarian value, which further emphasises the nature of the results.

**[Table 3 Here]**

#### ***Post-Hoc Analysis of Indirect Effects***

The results of the PLS-SEM suggested the potential existence of mediating relationships between some constructs. Following Williams and MacKinnon (2008) and Gannon et al. (2017), bootstrapping analysis for the significance of indirect effects, considering the t-values and the confidence interval (CI), was used (**Table 4**). The results indicate that negotiation intention indirectly influences overall shopping value through servicescape (95%, CI: 0.102-0.173). As the direct impact was also significant, the results revealed that servicescape partially mediates the influence of negotiation intention on overall shopping value. Similarly, recreational shopper identity indirectly influenced overall shopping value through servicescape (95%, CI: 0.047-0.127). Again, since the direct influence was also significant, the findings reveal that servicescape partially mediates the influence of recreational shopper identity on overall shopping value. Finally, social shopping orientation influences overall shopping value through servicescape (95%, CI: 0.108-0.169). However, since the direct

influence was not significant, the results instead demonstrate that servicescape fully mediates the influence of social shopping orientation on overall shopping value.

[Table 4 Here]

## CONCLUSIONS AND RESEARCH IMPLICATIONS

This study investigated the relationship between negotiation intention, recreational shopper identity, and social shopping orientation on servicescape and overall shopping value in the context of the Istanbul Grand Bazaar. A structural model was developed to examine the hypotheses and theoretical and managerial implications are outlined below. The findings extend extant application of environmental psychology theory and behaviour setting theory (Barker, 1968; Clithero et al., 1998; Mehrabian & Russell, 1974; Tombs & McColl-Kennedy, 2003), both of which serve as theoretical bases for this study. It is possible that the occasion-specific aspects of behaviour settings theory (negotiation intention, recreational shopper identity, and social shopping orientation) could be important explanatory constructs for traditional marketplace (e.g., Istanbul Bazaar) management. In other words, the results confirm that negotiation intention, social shopping orientation and recreational shopper identity can influence consumers' emotional connection to the servicescape and may significantly predict the utilitarian and hedonic value derived from the shopping experience. Interestingly, consumers' social shopping orientation did not influence overall shopping value in our model. Moreover, **Table 3** demonstrates that the occasion-specific aspects of behaviour settings theory had varying effects on both dimensions of overall shopping value. Negotiation intention had the highest relationship with hedonic value, whereas servicescape had the highest relationship with utilitarian value. Correlation results also indicate that there was no significant relationship between social shopping orientation and both dimensions

(hedonic and utilitarian) of overall shopping value. Thus, the results enrich extant literature on service experience and shopping behaviour, which is promising area for scholars in tourism services marketing (cf. Dong & Siu, 2013). Additionally, as consumers are expected to interact extensively with servicescape elements in traditional shopping service encounters, servicescape can significantly mediate the relationship between occasion-specific behaviour settings factors (negotiation intention, social shopping orientation and recreational shopper identity) and overall shopping value.

First, the relationships between negotiation intention, recreational shopper identity and social shopping orientation were tested. Our findings indicate that intention to engage in bargaining with service providers positively influences tourists' perceptions of the servicescape. Corresponding with extant research (Cox et al., 2005; Tsang et al., 2011), our findings suggest that tourists' intention to negotiate is closely related to both the psychological aspects and financial benefits that contribute to overall satisfaction. This supports Tsang et al.'s (2011) assertion that tourists engage in bargaining activities in order to benefit from discounted prices. The findings also suggest that bargaining rewards tourists with a sense of pride and achievement. As a result, they are more likely to make a subsequent visit to similar historic markets and share their positive impression via word-of-mouth recommendations (Gannon et al., 2017; Line et al., 2015). Thus, the findings demonstrate that, when tourists are provided with the opportunity to bargain with local vendors, they are likely to hold more favourable attitudes toward the physical and social environment of the Bazaar.

Second, consumers with a strong recreational shopper identity are found to be motivated by enjoyment (Guiry et al., 2006). In line with previous studies (Ballantine et al., 2010; Bellenger & Korgaonkar, 1980), our findings suggest that recreational shopper identity had a direct positive effect on how tourists perceive the Bazaar's atmosphere. Recreation-

oriented visitors not only consume products and services offered in the Bazaar, but also enjoy the overall atmosphere and intangible aspects of the site. This study also found a positive relationship between social shopping orientation and tourists' perceptions of servicescape. Considering the spatial and social characteristics of the Bazaar, visitors are likely to interact with both service providers and other customers in order to satisfy their needs irrespective of product acquisition. Confirming research on shopping orientation, consumers driven by social motives tend to prefer face-to-face interactions with local people (Arnold & Reynolds, 2003; Tombs & McColl-Kennedy, 2003; Baker & Wakefield, 2011) and immerse themselves in the cultural context during their travel (Meng & Xu, 2012).

Intention to engage in negotiations also influences overall shopping value when mediated by servicescape. This suggests that social recognition and sense of achievement, along with saving money, combine to contribute to the utilitarian and hedonic value of bazaar shopping. This echoes the findings of Tsang et al. (2011) who studied the bargaining behaviour of tourists in open-air markets. In the case of the Istanbul Bazaar, visitors indicated that they were likely to hunt for bargains, resulting in increased perceived value (Yu & Littrell, 2005; Kozak et al., 2017) and loyalty (Wieseke et al., 2014). Likewise, our findings suggest that recreational shopper identity has a positive relationship with overall shopping value. This supports previous studies (Babin et al., 1994; Guiry et al., 2006); indicating that consumers with a strong recreational shopper identity are likely to experience several leisure dimensions while shopping. In the case of the Bazaar, there are a number of attractions and characteristics that facilitate this, such as the variety of products, the diversity of shops and services, the unique atmosphere, and the social functions that enable recreational shoppers to enjoy the hedonic benefits of the shopping experience.

Surprisingly no direct relationship was found between social shopping orientation and overall shopping value. While individuals who view shopping as a social pursuit are likely to

enjoy the shopping activity itself and patronise retail spaces as a form of entertainment (Baker & Wakefield, 2011), the need for dyadic relationships may be influenced by different factors resulting in lower levels of pleasure. Shopping orientation is often situation-specific (Baker & Wakefield, 2011); therefore, their response may differ depending on interpersonal distance. However, while social shopping orientation does not directly influence overall shopping value, it *does* when fully mediated by servicescape. For example, the friendliness of retail staff may be a considerable source of positive influence for shoppers (Hennig-Thaurau et al., 2006). Through our empirical analysis, servicescape was found to have a positive relationship with overall shopping value (Bitner, 1992; Donovan & Rossiter, 1982; Wakefield & Blodgett, 2016), where the holistic environment of the Istanbul Bazaar significantly enhances tourists' perceived hedonic and utilitarian values.

This study aids destination managers in determining the factors that affect tourists' perception of servicescape characteristics in traditional marketplaces (e.g. Istanbul Grand Bazaar), and the impact this has on their overall shopping value. As environmental factors lead to approach behaviour (Mehrabian & Russell, 1974; Donovan & Rossiter, 1982), such as willingness to explore the environment fully, spend more time and money, intention to revisit in the future; understanding the influences of atmospheric cues allows urban tourism planners and managers to optimise the development of the historic marketplaces as attractive destinations. The findings also provide insight into the motivations of tourists who visit such sites for recreational, social, and functional reasons. Thus, service providers must consider the influence of the environment on shaping tourists' overall service evaluations.

As this study adopted quantitative analysis techniques to examine the relationship between occasion-specific behaviour settings factors of servicescape and their effect on the attitudes of Bazaar visitors, there are limitations which must be taken into consideration when interpreting the findings. First, a supplementary qualitative study may provide deeper insight

into how perceived servicescape characteristics influence tourists' shopping behaviour. Interviews with tourists and service providers may offer the requisite ethnographic insight into the Bazaar experience. Second, this study investigated the effect of the holistic service environment and it is therefore limited in demonstrating what features contribute to perceived servicescape. Thus, physical and social characteristics relevant to the bazaar environment, such as overall layout, architecture, odour, cleanliness, crowding, and temperature, should be investigated in future studies in order to better understand how each of these elements contribute to both servicescape in a traditional market setting and tourists' overall shopping value. Further, given the inherent link between shopping and spending-power, future studies could investigate the role of tourists' income as either a control variable or economical construct within the proposed model. Finally, the service environment can also be considered further from the employee perspective (Parish, Berry & Lam, 2008). Hence, future research could seek out local vendors' perspectives on servicescape and ascertain whether this has a bearing on their relationships and interactions with tourists as customers (Harris & Ezeh, 2008).

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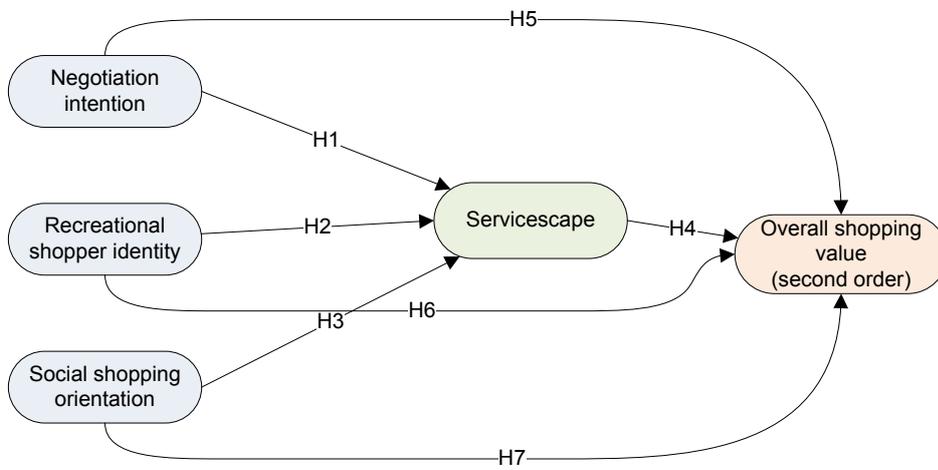
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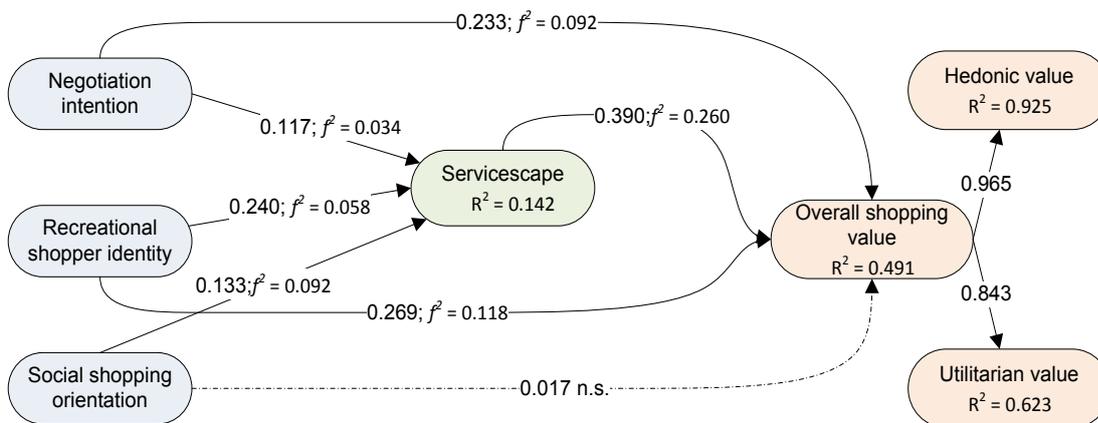
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## FIGURES & TABLES



**FIGURE 1.** Conceptual model



**FIGURE 2.** PLS-SEM results

**Table 1.** Assessment of the measurement model

Construct item	Loading	CR	AVE	P <sub>A</sub>
<i>Negotiation Intention</i>				
		0.847	0.585	0.871
I intended to ask for a discount prior to my purchase in the Bazaar	0.890			
I intended to significantly negotiate down the price prior to my purchase	0.808			
I expected to realise a good price prior to my purchase	0.727			
<i>Recreational Shopper Identity</i>				
		0.927	0.718	0.789
Shopping is important for my self-definition	0.867			
Shopping contributes to my self-esteem	0.848			
If I was not able to go shopping, I would feel that a part of me is missing	0.788			
Shopping affirms my values	0.885			
Shopping enables me to realise my aspirations	0.845			
<i>Social Shopping Orientation</i>				
		0.896	0.743	0.902
I enjoy interacting with others when I shop	0.844			
Shopping with others is a bonding experience	0.829			
When I shop, I really enjoy the social interaction that I experience	0.910			
<i>Servicescape</i>				
		0.925	0.514	0.872
The atmosphere at this Bazaar is pleasing	0.771			
This Bazaar has an appealing atmosphere	0.793			
The level of noise is appropriate for this setting	0.793			
The lighting is appropriate for this setting	0.720			
I like the interior design	0.812			
I like the layout	0.755			
The Bazaar is relatively clean	0.625			
The Bazaar looks attractive	0.772			
The interior was appealing	0.741			
I believe the physical environment at the store is excellent	0.633			
I am impressed with the quality of the Bazaar's physical environment	0.788			
The physical environment is of a traditional high standard	0.751			
<i>Overall Shopping Value- Hedonic Value Dimension</i>				
		0.887	0.532	0.771
This shopping trip was truly a joy	0.813			
I continued to shop not because I had to, but because I wanted to	0.623			

Compared to other things I could have done, the time spent shopping was truly enjoyable	0.785
I enjoyed this shopping trip for its own sake, not just for the items I may have purchased	0.725
During the trip, I felt the excitement of the hunt	0.760
While shopping, I felt a sense of adventure	0.791
This shopping trip was not a very nice time out	0.668
<i>Overall Shopping Value- Utilitarian Value Dimension</i>	0.775 0.567 0.827
I accomplished what I wanted to on this shopping trip	0.614
I could not buy what I really needed	0.803
While shopping, I found the item(s) I was looking for	0.701
I was disappointed because I had to go to another store (s)/ place (s) to complete my shopping	0.694

Notes: Significant at \* $t > 1.96$  at  $p < 0.05$ ; \*\* $t > 2.57$  at  $p < 0.01$ ; \*\*\* $t > 3.29$  at  $p < 0.001$ .

**Table 2.** Discriminate validity

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
(a) Hedonic dimension	<b>0.729</b>						
(b) Negotiation intention	0.447	<b>0.765</b>					
(c) Recreational shopper identity	0.521	0.262	<b>0.847</b>				
(d) Servicescape	0.510	0.222	0.313	<b>0.717</b>			
(e) Overall shopping value	0.462	0.428	0.489	0.555	n/a		
(f) Social shopping orientation	0.347	0.317	0.313	0.245	0.370	<b>0.862</b>	
(g) Utilitarian dimension	0.292	0.120	0.105	0.367	0.543	0.221	<b>0.752</b>

Notes: AVE value for overall shopping value is absent as this construct was specified as a higher-order model. Square root of AVE is shown on the diagonal of the matrix in boldface and inter-construct correlation is shown off the diagonal.

**Table 3.** Correlations between overall shopping value dimensions and other related constructs.

Dimensions	Correlations	Lower bound CI	Higher bound CI
Negotiation intention <-> Hedonic value	0.350***	0.254	0.487
Recreational shopper identity <-> Hedonic value	0.294***	0.189	0.368
Social shopping orientation <-> Hedonic value	0.157 n.s.	0.101	0.200
Servicescape <-> Hedonic value	0.285***	0.155	0.370
Negotiation intention <-> Utilitarian value	0.167***	0.107	0.256
Recreational shopper identity <-> Utilitarian value	0.257***	0.189	0.350
Social shopping orientation <-> Utilitarian	0.098 n.s.	0.067	0.132

value			
Servicescape <-> Utilitarian value	0.368***	0.303	0.429

*Notes:* Significant at \* $t > 1.96$  at  $p < 0.05$ ; \*\* $t > 2.57$  at  $p < 0.01$ ; \*\*\* $t > 3.29$  at  $p < 0.001$ ; n.s.: non-significant.

**Table 4.** Estimates of indirect paths.

Path	Path coefficient	<i>t</i> -values	Low CI	High CI
Negotiation intention → servicescape → overall shopping value	0.146	3.078	0.102	0.173
Recreational shopper identity → servicescape → overall shopping value	0.094	6.943	0.047	0.127
Social shopping orientation → servicescape → overall shopping value	0.152	3.951	0.108	0.169

*Notes:* *t*-values for the item loadings to two-tailed test:  $t > 1.96$  at  $p < 0.05$ ,  $t > 2.57$  at  $p < 0.01$ ,  $t > 3.29$  at  $p < 0.001$ .