An application of retailing service quality practices influencing customer loyalty towards retailers

Introduction

The concept of “Retailing Service Quality (RSQ)” has gained a prominent place in the services marketing literature during the last decade. There are numerous entities operating in the retailing industry, so intense competition prevails there. Providing high RSQ is considered a basic retailing strategy for gaining competitive advantage in this industry (Gopalan and Satpathy, 2013; Bharti et al. 2014). Karjaluoto et al. (2015) suggest that enhancing RSQ will enable retailers to create greater customer value which would make customers more loyal to a particular store or retailer.

“Customer loyalty” has emerged as the heart of the consumer marketing literature (Bowen and Chen McCain, 2015; Blut et al. 2014; Kursunluoglu, 2014). Oliver (1999) defines customer loyalty as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive purchase of same-brand or same brand-set, despite situational influences and marketing efforts having the potential to cause switching behavior (p. 34)”.

In the retailing sector, enhancing the RSQ is viewed as the best strategic tool to make customers loyal to the retailers (organization) or to their stores (branches or outlets) (Dabholkar et al. 1995; Wong and Sohal, 2003; Sheikh and Lim, 2015).

Generally, retailing is considered different from pure services, such as education and medicine. Retailing combines both commodities and services. This unique characteristic marshals researchers’ efforts into using a specific scale to measure retailing service quality (Dabholkar et al. 1995; Wong and Sohal, 2003; Sarkar and Sarkar, 2017; Peker et al. 2017). However, scant
research has investigated the influence of RSQ on customer behavioral outcomes, such as satisfaction, purchase intention, loyalty and retention, in detail. This study addresses this gap. Thus, the main purpose of this study is to propose and empirically investigate a comprehensive mechanism for enhancing customer loyalty to retail stores via service quality practices. First, this study investigates the influence of RSQ on customer loyalty. Second, this study proposes information on retailers as an antecedent of RSQ, thereby recommending a comprehensive mechanism for enhancing customer loyalty to retail stores.

This study has both academic and practical importance. It applies RSQ which is an emerging form of service quality measure. RSQ is a multidimensional construct, and this study examines RSQ as a whole construct and at the level of individual dimensions. It also suggests a comprehensive mechanism for enhancing customer loyalty, and so this study will significantly contribute to the literature relating to service quality and customer loyalty with the special emphasis on retailing contexts. The findings of this study will also provide useful practical implications for the retailers to enhance customer loyalty by improving the specific dimensions of RSQ.

**Literature review**

*Retail service quality (RSQ)*

Over the decades, both marketing scholars and practitioners have experienced difficulties in correctly defining and measuring the concept of “service quality” (Parasuraman *et al.* 1988; Ananth *et al.* 2010). However, Parasuraman *et al.* (1988) have made an attempt to give seminal definition to this concept. They define “service quality” as a “global judgment or attitude relating to the overall excellence or superiority of the service”. This definition proposes a general conceptualization of service quality. However, the general parameters that define service quality might be inappropriate for the retailing context (Gagliano and Hathcote, 1994; Hanjunath and
Naveen, 2012). In the retailing context, both products and services are combined. That is, customers come to retailers to purchase products and they require the services of the retailers. Dabholkar et al. (1995) therefore introduced the concept of “Retail Service Quality” (RSQ). Marketing scholars suggest the RSQ concept might be used as a basic retailing strategy for enhancing customer value, satisfaction, retention and loyalty relating to retail stores (Wong and Sohal, 2003; Demirci-Orel and Kara, 2015).

Customer loyalty

An organization can gain relative advantage over competitors through its loyal customer base (Oliver, 1999). The concept of “Customer loyalty” is defined both from attitudinal and behavioral perspectives (Oliver, 1999; Zeithaml, 2000). From the behavioral perspective, customer loyalty is defined as “repeat patronage, that is the proportion of times a consumer chooses the same product or service in a specific category compared to the total number of purchases made by the consumer in that category” (Neal, 1999). From the attitudinal perspective, customer loyalty is defined as “a specific desire to continue a relationship with a product or service provider” (Zeithaml, 2000). Due to the unique nature of the retail setting, both perspectives are integrated for the purpose of understanding customer loyalty (Dick and Basu, 1994; Oliver, 1999; Karjaluoto et al. 2015).

Theoretical support

Cognitive-motivation-relational (CMR) theory developed by Lazarus (1991) assists in understanding the association between cognitive evaluation and emotional motivation. Cognitive orientation occurs when individuals make an evaluation of their environment based on their goals, beliefs and values which in turn generates emotions relating to the aspects found in the environment. These emotions contribute to forming an ongoing relationship with those aspects in
the environment. Based on this theory, it can be suggested that there is an association between service quality and customer loyalty in retail settings. Brady and Robertson (2001) used the CMR theory to recommend a relationship between service quality and customer responses, such as customer satisfaction and purchase intention, in the services marketing context. They suggest service quality is associated with the cognitive evaluation of services, whereas customer responses, such as satisfaction and purchase intention, are perceived to be emotional motivations. Satisfaction with a particular retail setting could make customers loyal to retailers (Bowen and Chen, 2001). The preceding theoretical standpoints indicate a relationship between retail service quality and customer loyalty in retail settings.

**The influence of retail service quality (RSQ) on customer loyalty**

Loyal customers are regarded as the source for a company’s sustainable competitive advantage (Sivadas and Baker-Prewitt, 2000; Wong and Sohal, 2003; Yuen and Chan, 2010). Pursuing this line of argument, it has been suggested that in the retailing sector, marketers focus on enhancing their service quality for maintaining customer loyalty (Karjaluoto et al. 2015; Rahman and Aziz, 2014). If customers have a favorable evaluation of, and attitudes towards certain retailers, they tend to have loyalty to those retailers (Dick and Basu, 1994; Yuen and Chan, 2010; Demirci-Orel and Kara, 2015). In support of this view, Zeithaml et al. (1996) and Sivadas and Baker-Prewitt (2000) suggest a customer’s long-term relationship with a company is strengthened when that customer makes a favorable assessment about the company's service quality, and this relationship is weakened when the customer makes negative assessments about the company's service quality. From the foregoing discussion, the following hypothesis is formulated:

**H1: Retail service quality positively influences customer loyalty to retail stores**
Dabholkar et al. (1995) conceptualized RSQ as a multi-dimensional construct consisting of five dimensions: physical aspect, reliability, personal interaction, problem solving and policy. A brief discussion of each of these dimensions and their influences on customer loyalty to retailers follows.

**Physical aspect**

Physical aspect refers to the appearance of a supermarket and its staff, the availability of equipment, facilities and visual materials, store layout and the convenience at the supermarket (Dabholkar et al. 1995; Siddiqi, 2011). A good store layout and attractive service materials provide customers with a good impression and attitude towards the store (Beneke et al. 2012; Kitapci, 2013; Wong and Sohal, 2003). This indicates a possible association between physical aspect and loyalty.

**Reliability**

Reliability measures the store’s ability to deliver the service that has been promised to customers, accurately and without error (Vázquez et al. 2001; Beneke et al. 2012). If a retail store keeps its promises, it will increase customer confidence in the store (Wong and Sohal, 2003; Yuen and Chan, 2010) and will gradually build customer loyalty.

**Personal interaction**

Personal interaction measures the customer’s perceptions of whether or not the store has courteous and helpful employees who inspire confidence and trust among customers. Sales staff play a pivotal role in a customer service situation (Gounaris, 2008). Beneke et al. (2012) suggest that the
more customers receive personalized assistance and attention from sales staff, the greater the customer satisfaction with and loyalty to the store.

*Problem solving*

Problem solving means the extent to which a store has the ability to handle potential problems, such as returns, exchanges and complaints (Swanson and Kelley, 2001; Beneke et al. 2012). When a customer’s complaints are dealt with or their problems are resolved, they will feel satisfied with the store, and have credibility and favorable perceptions of the store (Beneke et al. 2012; Caruana, 2002; Ha et al. 2015). As a consequence, they will continue to shop at the store, which indicates an association between problem solving and loyalty.

*Policy*

The final dimension is policy, which refers to a store’s decisions concerning the depth and breadth of their merchandise, loyalty programs, credit facilities, operating hours, parking facilities and additional customer services offered (Beneke et al. 2012). Customers are more likely to continue purchasing from the stores that are endowed with an effective retailing policy (Yuen and Chan, 2010), which indicates retailers’ policies hold influence over customer loyalty.

The preceding discussion indicates a strong connection between RSQ dimensions and customer loyalty to retail stores. This discussion also suggests the dimensions of RSQ have unique effects on customer loyalty. Therefore, the following hypotheses are formulated.

\( H_{2a}: \) Physical aspect positively influences customer loyalty to retail stores

\( H_{2b}: \) Reliability positively influences customer loyalty to retail stores

\( H_{2c}: \) Personal interaction positively influences customer loyalty to retail stores
\textbf{H}_2d: Problem solving positively influences customer loyalty to retail stores

\textbf{H}_2e: Policy positively influences customer loyalty to retail stores

\textit{Information on retailers as an antecedent of both retail service quality and its dimensions}

Information on retail stores can be an antecedent of customer perceptions of service quality (Sultan and Wong, 2014). Information on retailers refers to the explicit and implicit messages that customers receive directly and indirectly about retailers prior to consumption (Sultan and Wong, 2014). Media advertising and other types of communication employed by retailers can influence consumers to form some expectations and perceptions of their service delivery prior to consumption (Devlin et al. 2002; Russell, 2005; Teeroovengadum \textit{et al.} 2016; Khandeparkar and Abhishek, 2017; Mogaji, 2015). Hence, the following hypothesis is formulated:

\textbf{H}_3: Information on retailers influences RSQ

Sharing information on retailers can also affect the customer evaluation of the dimensions of service quality. The first dimension of the RSQ is physical aspect. Customers often expect to see a convenient and attractive store layout with matching physical facilities when they contemplate their visit to a supermarket (Russell, 2005). This suggests that sharing information about the store environment through, for instance, a television advertisement featuring visuals of the environment, contributes to consumers forming favorable evaluations and perceptions of its physical aspects (Dabholkar \textit{et al.} 1995; Hanjunath and Naveen, 2012). The next dimension of RSQ is reliability. If the retailers share their capabilities and exhibit confidence through promotional efforts, such as
trade magazines and periodic catalogues, then customers will believe that retailers will fulfill the promises they claim to offer.

Another dimension of retailing service quality is personal interaction. Disseminating information about courteous and helpful employees in the store will contribute to forming favorable customer perceptions of the store (Grisaffe and Nguyen 2011; Kim et al. 2016). The next dimension of RSQ is problem solving. Communicating the retailer’s capacity and commitment to solving customer problems enhances the customer’s favorable perceptions of a store (Swanson and Kelley, 2001; Beneke et al. 2012; Kim et al. 2016). The final dimension of RSQ is retailing policy. The sharing of information about policy aspects of retailers, enhances customer awareness and perceptions of policy facts (Sultan and Wong, 2014). They may propagate this information via billboards, advertisements, their online sites and trade magazines. The above discussion suggests that efforts to disseminate retailer information can be an antecedent of customer perceptions surrounding the dimensions of service quality, so the following hypotheses are formulated.

**H4a:** Information on retailers influences customer perceptions of physical aspect

**H4b:** Information on retailers influences customer perceptions of reliability

**H4c:** Information on retailers influences customer perceptions of personal interaction

**H4d:** Information on retailers influences customer perceptions of problem solving

**H4e:** Information on retailers influences customer perceptions of policy

**The proposed conceptual models**

The aforementioned hypothesized relationships are depicted in Figure 1 and Figure 2. Figure 1 shows hypotheses relating to RSQ excluding its dimensions whereas Figure 2 shows hypotheses at RSQ dimensions level.
Method

Sample and survey administration

The sample for this study comprised 4000 customers of supermarkets operating in Sri Lanka. There are differences between developed and developing countries in terms of customers’ behavior, attitudes, usage and disposition relating to products and services (Jebarajakirthy and Lobo, 2015). Studies relating to retail service quality among supermarket customers in emerging economies, such as those in Asia and South Asia are at infant level (Mittal et al. 2015). This indicates that there is insufficient research on retail service quality and its effect on customer behavioral responses, such as customer loyalty, in emerging and transitional South Asian countries, including Sri Lanka. This suggests a need to investigate retail service quality among supermarket customers in developing countries, such as Sri Lanka (Ramakrishnan, 2015). Consistent with the discussion above, since the end of its civil war, Sri Lanka has achieved an incredible economic rate of growth, contributing particularly to a flourishing retail sector. The retailing sector is viewed as the largest sub-category of the service sector in the Sri Lankan economy (Chanaka et al. 2014). Hence, Sri Lankan supermarkets seem an ideal model setting for investigating retail service quality and its customers an excellent choice to survey.
A paper-based survey questionnaire was used to collect the data from sample respondents. Participants were the customers of three leading supermarkets in Sri Lanka. The survey was administered in six supermarket outlets. In each of these outlets, the survey was administered on a weekday and one day of the weekend. The survey was administered during February - March 2016. Participants were approached on the entrance (foyer) of each outlet. While administering the survey, we asked the sample customers to respond to it based on their experience of that particular supermarket they were in on that day. Participants had the option of responding to the survey either immediately or at a time of their own convenience. We gave postage paid self-addressed envelope to those respondents who were unable to immediately return the survey. We distributed 4000 survey questionnaires, and out of this number, 2375 surveys were returned. Of these, 83 surveys had missing data, and were accordingly discarded.

The respondents comprised 54% male and 46% female. Regarding their age, 32% were aged between 18 and 30 years, 51% were aged between 31 and 45 years, 9% were aged between 46 and 60, and the rest were above 60 years. Approximately 25% of the respondents had a monthly family-income of less than USD 230, around 45% had an income between USD 231-500, around 19% had an income between USD 501-750 and the rest had income above USD 750. Finally, in regards to their educational qualification, 44% had secondary or below qualification, 22% had 2-year College or associate Degree, 18% had Bachelor’s Degree and 16% had Postgraduate degree or higher.

Measures and instrument development

A paper-based survey instrument was designed from previously validated scales. However, these scales were modified to suit the retailing and supermarket context, where appropriate. The scales
of retail service quality included 30 items under the five dimensions: physical aspect, reliability, personal interaction, problem solving and policy. This means that the physical aspect was operationalized using six items; reliability, using six items; personal interaction, using 10 items; problem solving, using three items; and policy, using five items. Of the 30 items, 28 items were adopted from Dabholkar et al. (1995) and two from Verma and Duggal (2015). Customer loyalty was measured using the scales developed by Kim and Niehm (2009) and Zeithaml et al. (1996). The measures of customer loyalty comprise both attitudinal and behavioral aspects. The measures of attitudinal loyalty included three items adapted from Kim and Niehm (2009) whereas behavioral loyalty was operationalized using three items obtained from Zeithaml et al. (1996). Of the three items operationalizing the Information on Retailers construct, the first two were obtained from Sultan and Wong (2014) whilst the remaining was developed for this study with the support of the literature (Dabholkar et al. 1995, Wong and Sohal, 2003, Beneke et al. 2012). The items operationalizing all the constructs were measured with the seven-point Likert type scale ranging from 1 for “Strongly disagree” to 7 for “Strongly agree”. Age, income and educational qualification also influence customer loyalty in retail setting (Oly Ndubisi, 2006; Cooil et al. 2007; Kuruvilla and Joshi 2010). They were not considered for hypotheses development, but instead assumed to be control variables in this study. The data concerning these control variables were also sought through this survey instrument.

To ensure content validity, the survey instrument was vetted by five academics with expertise in the marketing field. The survey instrument, originally written in English, was translated into Sinhalese and Tamil, the respondents’ local languages. Each translated version of survey instrument was translated back into English and was cross-checked by two other bilingual researchers to ensure the reliability and validity of translation. The respondents had the option of
responding to either the English or Sinhalese or Tamil language survey based on their language proficiency. The survey instrument was pretested using three focus groups, each comprising six customers of the three supermarket chains considered for this study. Based on their feedback, some minor changes were incorporated into the wording and format of the survey instrument.

Analysis and results

Measurement model

CFA was performed to test the measurement properties of all the constructs. First and second order Confirmatory Factor Analysis (CFA) seemed appropriate to determine the dimensionality, reliability and validity of all the study constructs. Physical Aspect, Reliability, Personal Interaction, Problem Solving and Policy were considered first-order constructs, whereas Customer Loyalty was regarded as a second-order construct, which consists of two dimensions. In arriving at the final set of items for each construct, five items were deleted based on item to total correlations and the standardized residual values (Byrne, 2009) (one item from Physical Aspect, one from Reliability, and three from Personal Interaction). The deleted items were examined and compared with the original conceptual definitions of the constructs. In each case, deleting the items did not significantly change the make-up of the construct as initially conceptualized. The resulting pool of items was subsequently subjected to CFA. A completely standardized solution produced by AMOS version 21 using the maximum likelihood method shows that all the remaining items load highly on their corresponding factors. This confirms the unidimensionality of the constructs and provides strong empirical evidence of their validity.
The results of the CFA are presented in Table 1. The CFA results showed that the factor loadings of all the constructs were significant ($p < 0.01$) and above 0.5, the minimum threshold value, and the Average Variance Extracted (AVE) values of all the constructs were also above 0.5, both of which are indicative of the convergent validity of measures (Hair and Anderson, 2010). The discriminant validity of the study constructs was tested as suggested by Fornell and Larcker (1981). Thus, the square root of the AVE values presented in the upper diagonal of Table 2 for each construct, were greater than the construct’s correlation coefficients with other constructs. This is indicative of discriminant validity among constructs (Fornell and Larcker, 1981). In addition, Cronbach’s Alpha coefficients of each construct presented in Table 1, were above .7, indicating the reliability of constructs’ measures.

**Insert Table 1 about here**

Table 2 presents the mean, standard deviation and correlations for the study constructs. The results show that the majority of the constructs are significantly correlated with each other as correlation regressions range from .1 to .57. However, all correlations are less than .9, thus suggesting there is no multicollinearity between these constructs (Tabachnick and Fidell, 2012). Of the control variables, only Income and Education had significant relationship with the study constructs: Income was positively correlated with policy ($r=10^* $) and customer loyalty ($r=15^{**} $) whereas educational level was positively correlated with reliability ($r=10^* $), personal interaction ($r=11^* $) and information on retailers ($r=11^* $).

**Insert Table 2 about here**
Common method bias

Because the data relating to both independent and dependent constructs were collected from the same respondents, a common method bias may occur. This potential problem was checked with the Harman one-factor test (Podsakoff and Organ, 1986). A factor analysis of eight focal constructs resulted in an eight-factor solution, which accounted for 79.76% of the total variance; and factor one accounted for 17.55% of the variance. Because a single factor did not emerge and factor one did not explain most of the variance, a common method bias is unlikely to be a concern in this data. Single latent factor model was also used to detect common method bias. If common method bias poses a threat, a single latent factor model should yield a better fit than the multifactor model (model proposed for the study based on the theory) (Podsakoff et al. 2003). The comparison of the single latent factor model with the eight-factor model showed that a common factor bias was not a serious threat. The fit of the single latent factor model is unacceptable and significantly worse ($\chi^2 = 1172.65; \text{df} = 499; \chi^2/\text{df} = 2.35; \text{CFI} = .86, \text{TLI} = .85, \text{RMSEA} = .058, \Delta\chi^2 = 312.4; \Delta\text{df} = 34; p \leq .001$) than that of the multidimensional model (model proposed for the study based on the theory).

Hypothesis testing

Two structural models were run to test the hypotheses. Fit indices suggest an acceptable level of fit for both models with the sample data. In both structural models, the variance inflation factor (VIF) value was below cut-off value 5.0, indicating the absence of multicollinearity in the models.

Insert Table 3 about here
Table 3 depicts the results of the first structural equation model. In this analysis, both RSQ and customer loyalty were considered second order factors with summated first-order indicators. This avoided the analysis of the individual dimensions of the RSQ. Along with the control variables, RSQ explained 73.5% of variance in Customer Loyalty. The results in Table 3 suggest, RSQ ($\beta = 0.72, p < 0.001$) had significant positive influence on Customer Loyalty. So, $H_1$ was accepted. In this structural model, Information on Retailers was considered an antecedent to the RSQ. The results in Table 3 also show that Information on Retailers had significant and positive influences on RSQ ($\beta = 0.64, p < 0.001$). So, $H_3$ was accepted. Information on Retailers explained 47% variance in RSQ.

Insert Table 4 about here

The results of the second structural equation model are presented in Table 4. In this analysis, Customer Loyalty was considered a second order dependent factor with summated first-order indicators. This structural equation model shows the analysis of the individual dimensions of the RSQ. The five dimensions of RSQ, along with the control variables explained 74.5% of the variance in Customer Loyalty. The results in Table 4 show that of the dimensions, Physical Aspect ($\beta = 0.56, p < 0.001$), Personal Interaction ($\beta = 0.34, p < 0.01$) and Policy ($\beta = 0.63, p < 0.001$), had significant positive influences on Customer Loyalty. Hence, $H_{2a}, H_{2c}$, and $H_{2e}$, were accepted. However, Reliability ($\beta = 0.05, p > 0.05$) or Problem Solving ($\beta = 0.08, p > 0.05$) did not have significant effects on Customer Loyalty. Hence, $H_{2b}$ and $H_{2d}$ were rejected. In this structural
model, Information on Retailers was considered antecedent to the dimensions of the RSQ. The results in Table 4 also show that Information on Retailers had significant and positive influences on Physical Aspect ($\beta = .79, p < 0.001$), Reliability ($\beta = .56, p < 0.001$) and on Policy ($\beta = .68, p < 0.001$). So, $H_{4a}$, $H_{4b}$, and $H_{4e}$ were accepted. However, Information on Retailers did not have any significant effects on Personal Interaction ($\beta = .08, p > 0.05$) or on Problem Solving ($\beta = .09, p > 0.05$). Thus, $H_{4c}$ and $H_{4d}$ were not accepted. Information on Retailers explained 63%, 32%, 11%, 13% and 46% variance in Physical Aspect, Reliability, Personal Interaction, Problem Solving and Policy, respectively.

Information on retailers indirectly affects customer loyalty through RSQ and its dimensions. The examination of the indirect effects is essential in developing a comprehensive understanding of the current findings. Cheung and Lau (2008) suggest performing bootstrapping to test indirect effects and to determine their statistical significance. Bias-corrected bootstrapping was conducted for 2000 resamples, with a 95% confidence interval to evaluate indirect effects on customer loyalty. The results of this test showed that Information on Retailers ($\beta = .46, p < 0.001$) had significant indirect effects on Customer Loyalty via RSQ and its dimensions.

**Discussions**

The results showed that RSQ ($\beta = .72, p < 0.001$) had a significant positive influence on customer loyalty in the retail supermarket context. This finding indicates that maintaining a higher level of RSQ in supermarkets enhances customer intention to repurchase from those supermarkets and to maintain a long-term relationship with them. Additionally, maintaining satisfactory RSQ level contributes to providing customers with favorable experience with supermarkets, which makes it less likely for them to switch to rival supermarkets.
This study also investigates the influence of the dimensions of RSQ on customer loyalty to supermarkets. The findings show that Physical Aspect ($\beta = .56, p < 0.001$), Personal Interaction ($\beta = .34, p < 0.01$) and Policy ($\beta = .63, p < 0.001$) had significant positive effects on Customer Loyalty to supermarkets. These findings are consistent with those reported in the literature (Beneke et al. 2012; Gounaris, 2008; Kitapci, 2013; Siddiqi, 2011; Yuen and Chan, 2010). Reliability ($\beta = .05, p > 0.05$) had no significant influence on Customer Loyalty to supermarkets. One possible explanation to this scenario may be this dimension includes measures, such as delivering promised and accurate services at the promised time and ensuring error-free sales transactions, which most supermarkets provide in the normal course of business. Most customers do not normally expect additional services while shopping in supermarkets. Also, timely delivery of services seems more important for online shopping than in-store shopping in supermarkets. Therefore, supermarkets should extend their focus beyond reliability measures to enhance their customer loyalty.

Problem Solving ($\beta = .08, p > 0.05$) had no significant influence on customer loyalty to supermarkets. This is possibly because in the supermarket context, not all customers encounter problems during or after purchase. They normally purchase convenience goods in supermarkets with which they are unlikely to face issues, such as returns, exchange or complaints. Problem solving might be a more serious concern in an electronic supermarket context, as customers may need to return or exchange electronic goods and may make complaints about them.

This study considered “Information on Retailers” the antecedent of RSQ. The results show that information on retailers had significant positive effects ($\beta = .64, p < 0.001$) on RSQ. This finding indicates that disseminating information about retailers, with an emphasis on their unique service attributes, can lead customers to make a favorable evaluation of service quality of retail stores. The findings also show that information on retailers had significant positive effects on customer
evaluation of physical aspects in retail stores ($\beta=.79, p < 0.001$), reliability of the retailers ($\beta=.56, p < 0.001$) and retailing policy of the retailers ($\beta=.68, p < 0.001$). These findings are consistent with the arguments in previous studies that were documented in the literature review section of this paper. However, sharing information on retailers did not have significant influence either on customer evaluation of Personal Interaction ($\beta=.08, p > 0.05$) or Problem Solving ($\beta=.09, p > 0.05$). This is possibly because customers evaluate both personal interaction and problem solving based on their experience with purchase situations, such as returns and exchange, and based on their interactions with sales staff. Customers are unlikely to evaluate both these dimensions based purely on the information shared via different channels.

**Academic and practical implications**

This study makes many academic contributions. Firstly, this research investigates the influence of RSQ on customer loyalty to retail businesses, particularly to supermarkets. It also shows that the dimensions of RSQ variably influence the enhancement of customer loyalty to supermarket outlets. Moreover, this study has incorporated “information on retailers” as an antecedent of the RSQ, thereby suggesting a comprehensive mechanism for enhancing customer loyalty to retailers. It is also important to note this study was carried out in Sri Lanka, as insufficient research exists on RSQ and its influences on customer behavioral outcomes in developing countries, such as Sri Lanka. Hence, this study and its findings can significantly contribute to the literature relating to services marketing, service quality, retailing and customer behavior – in particular customer loyalty. Secondly, we have used cognitive-motivation-relational (CMR) theory developed by Lazarus (1991) to theoretically argue a relationship between RSQ and customer loyalty. This theoretical argument also makes a contribution to the literature.
Thirdly, this study has modified the items measuring RSQ and customer loyalty to suit the supermarket context, and we have also refined the items measuring “information on retailers” by including an additional statement that emerged from the literature review. Future researchers can readily apply these items for investigating RSQ, customer loyalty and their dimensions in supermarkets and other retail businesses.

Besides making academic contributions, the findings of this study have several practical marketing implications for supermarkets. From the broader perspective, of the five dimensions of RSQ, Policy, Physical Aspects and Personal Interaction significantly enhance customer loyalty, which suggests that strengthening and improving these areas or dimensions in supermarkets would increase their customer loyalty. Particularly, of the dimensions, policy is the main determinant of customer loyalty. Therefore, supermarkets should consider adopting a retailing policy of stocking high quality merchandise, operating during convenient hours of the day, providing convenient and free parking facilities, accepting major credit cards and issuing loyalty point cards in the interest of retaining customers.

Personal interaction also enhances customer loyalty to supermarkets. Hence, to enhance customer loyalty, supermarkets can interact fairly with their customers. To effectively achieve this, supermarkets should foster their staff’s knowledgeability, helpfulness, courtesy and personal attention to customers. Supermarkets can judiciously consider incorporating these aspects into their HR policies (e.g. policies relating to recruitment and selection of sales staff). Finally, physical aspects had a positive influence on customers’ loyalty to supermarkets. Therefore, to enhance customers’ favorable impressions of the store’s physical aspect, the management of supermarkets should establish modern-looking equipment and fixtures, visually appealing physical
facilities, convenient layout, well-designed staff uniforms, as well as service materials such as catalogues.

The findings have also shown that information on retailers significantly influences customers to favorably evaluate psychical aspects, reliability and policy relating to supermarkets. However, of these RSQ dimensions, only the psychical aspect and policy significantly enhance customer loyalty to supermarkets. This suggests retailers and supermarkets can enhance customer loyalty by laying a strong emphasis on their physical aspects and retailing policy while designing their communication and promotional programs. Retailers and supermarkets can utilize television advertisements, business magazines, newspapers, catalogues, brochures and leaflets, to visualize physical aspects (e.g., modern-looking equipment and fixtures) and to make customers aware of their retailing policy (e.g., convenient operating hours).

Limitations and directions for future research

This study was confined to supermarkets in Sri Lanka. Therefore, to better generalize the findings of this study, it needs to be replicated with supermarkets in other countries, especially in other emerging and transitioning economies. In addition, the data for this study was cross-sectional. However, due to the rapid changes adopted by supermarkets – such as technological developments and innovative marketing practices – customers’ attitudes, perceptions and evaluations of supermarkets are likely to change overtime. This indicates that replicating this study with the longitudinal data could reveal more interesting results.

This study opens multiple avenues for further research. First, there may be moderating factors in the relationship between RSQ and customer loyalty. Future researchers can identify these moderators through the literature review and expand this study. Secondly, this study has
considered only information on retailers as the antecedent of RSQ, while there may be other antecedents of the RSQ; for example, past experience (Sultan and Wong, 2014) with the retailer (supermarket). Future researchers can identify and incorporate these additional antecedents into this study and improve on it. Thirdly, this study has examined the influence of RSQ on customer loyalty, which is a customer behavioral outcome. Other customer behavioral outcomes may be considered, such as customer retention and purchase intention, so that the influence of RSQ on these customer behavioral outcomes can be investigated in future research.

Finally, the findings of our study have demonstrated that providing information on retailers does influence a customer’s evaluation of RSQ and its dimensions, so we suggest future researchers investigate which types of information (e.g. advertisement, bill boards, etc.) most influence each RSQ dimension.

References


