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THE LOYALTY AND SATISFACTION DETERMINANTS: A FACTOR ANALYSIS APPLIED TO THE SOUTH AND INSULAR PORTUGUESE TRADITIONAL RETAIL

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ABSTRACT

The main purpose of this paper is to examine the determinants of customer satisfaction and loyalty and to analyse the links between customer satisfaction, image and customer loyalty, and service quality, in the South and Insular regions of Portugal, regarding traditional trade. A multi-level and hierarchical model is used as a framework to synthesize the impacts of customer satisfaction, service quality and corporate image on loyalty of customers in the traditional trade. Presently one of the vital challenges for managers in the retail industry is to provide and maintain customer satisfaction. Therefore, the ability to create a satisfactory experience for the consumer remains, to a considerable degree, a priority that is hold on the hands of both the management and the retail staff. It is essential for managers of traditional retail stores to have a good and clear understanding of exactly what the customers want and wish. The research results suggest that service quality is the main determinant of customer satisfaction and corporate image. Additionally, corporate image significantly influences customer satisfaction. Furthermore, customer satisfaction, corporate image and service quality significantly affect customer loyalty. This research contributes to the development of literature concerning retail management and provides some relevant insights for practitioners and retail managers in their quest for customer satisfaction and loyalty, therefore allowing to improve the sustainability and profitability of traditional trade, which has been increasingly under pressure from more modern retail models.

Keywords: Retail Service Quality, Customer Satisfaction, Corporate Image, Behavioural Intentions, Factor Analysis, Portugal.

INTRODUCTION

Nowadays we are witnessing an increasing competition in the markets and in the companies, namely in the retail industry. One of the most recommended marketing strategies to gain competitive advantage is the customer satisfaction, considering that the key to success lies in building relationship with customers as customer loyalty and retention is related to retail industry profitability. Knowing the relevance of customer satisfaction and loyalty in profitability, retail industry make every to keep customers satisfied and loyal. Additionally to traditional marketing strategies for example advertising, rewards and promotions, personal communications, delivering quality service and enticing customers to link numerous loyalty programs are popular approaches to sustaining such relationship (Prentice, 2013). Service quality and customer satisfaction are regularly considered as determinants of customer loyalty (Disfani et al., 2017; Durvasula & Lysonski, 2010; Khare, Parveen & Rai, 2010; Martinelli & Balboni, 2012; Tang et al., 2015; Yu & Ramanathan, 2012; Yuen & Chan, 2010).

Several studies have examined the relationship between perceived service quality and customer satisfaction, confirming that service quality is an important antecedent of satisfaction. In this regard, Dabholkar, et al. (2000) argue that traditionally, most researchers conclude that customer satisfaction resulting from a particular experience of consumption, leads to an evaluation about the quality of service over a period of time. Although the quality of service in the retail industry has been extensively researched internationally (e.g., Al Khattab & Aldehayyat, 2012; Zaibaf, et al., 2013) there has been little research done in Portugal to examine service quality as an antecedent of satisfaction and behavioural intention of customers in the Portuguese traditional trade. The choice of this topic is due to the need for traditional retailers to properly understand whether the service meets customer perceptions in the different dimensions of SERVQUAL, contribute to their satisfaction and customer loyalty (intention to return and recommend services), since they are determinant variables in maximizing profit, market share, and return on investment.

Given the research void, following seminal research such as from Veloso et al. (2017), the current study examines the relationships among retail service quality, customer satisfaction and loyalty. The central aim of this paper is to propose and apply a multi-level model that allows for the examination of the determinants and consequences of customer satisfaction, in traditional trade in South and in the Islands of Portugal. We specifically intend to present a conceptual model is used as a framework to identify the dimensions of service quality and examining the interrelationships among customer satisfaction, corporate image and customer loyalty and service quality in the traditional retail industry. In this paper, after this present introduction, a review of the main literature on corporate image, customer satisfaction and their customer loyalty is made, then we propose the conceptual model and research hypotheses, after presented the findings and discussion, ending with the presentation of the discussion

and the conclusion of the research. This study is particularly important for retail managers (survival and growth of retail companies), politicians (wealth creation, economic growth, etc.) and for the development of the literature in the Portuguese traditional retail industry.

SERVICE QUALITY

Early studies on service quality defined it as a measure to which a service provides customer needs, and implicates a comparison of customer expectations with their perceptions of actual service performance (Parasuraman, et al., 1985; Parasuraman, et al., 1988). Recent studies described the perceived service quality as an overall judgment about the level of a service provider's performance (Zeithaml, Bitner & Gremler, 2006). Service quality has assumed a major role both in public and private institutions, as an indispensable requirement to customer satisfaction. Lang (2011) finds the quality service as an important determinant of customer satisfaction and word-of-mouth communication. Regarding service quality dimensions, in according to Parasuraman et al. (1985, 1988) there are five dimensions of quality service: tangibility (physical facilities, equipment, and appearance of personnel); reliability (ability to perform the promised service dependably and accurately); responsiveness (willingness to help customers and provide prompt service); assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence); and empathy (caring and individualized attention the firm provides to its customers). These authors, who represent the American school, have designed an instrument for measuring quality of service, called SERVQUAL. Thereby, the SERVQUAL constitute a quality system that will potentially improve functional quality and service performance (Meesala & Paul, 2018). SERVQUAL model has been criticized and discussed extensively. For instance, Cronin and Taylor (1992) observed that the validity of the use of expectations in the SERVQUAL model was called into question when consumers had no well- formed expectations and developed the SERVPERF scale which consists of the same 22 "items" of SERVQUAL, although centred only in measuring consumer perceptions regarding the quality of service.

Despite the diversity of studies in many fields, in this study, SERVPERF will be applied to the traditional trade in the Centre of Portugal in a similar manner as that of other studies realized at an international level, in the area of the trade industry (Abd-El-Salam, Shawky & El-Nahas, 2013; Disfani et al., 2017; Durvasula & Lysonski, 2010; Khare, Parveen & Rai, 2010; Martinelli & Balboni, 2012; Tang et al., 2015; Yu & Ramanathan, 2012; Yuen & Chan, 2010). Generally, if service companies take actions that improve these quality dimensions, they will earn the benefits of customer loyalty (Bansal & Taylor, 1999; Zeithaml, Berry & Parasuraman, 1996). According to Nadiri and Hussain (2005) service quality increases customer satisfaction, stimulates intention to return, and inspires recommendations. In line

with this studies, and based on SERVQUAL and SERVPERF, the following hypotheses are proposed in the present study:

H₁: The perceived service quality by customers can be seen as a multidimensional construct.

H₂: The perceived service quality by the customers has a positive influence on their satisfaction.

H₃: The perceived service quality by the customers has a positive influence on corporate image.

H₄: Perceived service quality has positive relationship with customer loyalty.

CUSTOMER SATISFACTION

In the services industry, the customer satisfaction is the outcome of the customer's perception of the value received in a transaction or relationships, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors (Zeithaml, Parasuraman & Berry, 1990). Satisfaction is also considered as a consequence of the customer's post-buy evaluations of both tangible and intangible brand attributes and a key determinant of customer loyalty (Krystallis & Chrysochou, 2014). More value for customer incomes great satisfaction, which can benefit the retail enterprise in the long term (Cronin, Brady & Hult, 2000) and generate higher profits. Customer satisfaction is found to be dependent on the quality of service presented to the customer and is one of the instruments to enhanced value for customers. The major challenges for service industry are service quality and customer satisfaction. According to Gundersen, Heide and Olsson (1996) the central point of customer satisfaction is to identify the crucial attributes, considered by customers as their needs and expectations. The key to customer satisfaction lies in identifying and anticipating customer needs and especially in being able to satisfy them. For Dominici and Guzzo (2010) enterprises which are able to rapidly understand and to satisfy customers' needs, make greater profits than those which fail to understand and satisfy them. Additionally, Sirdeshmukh, et al. (2002), reported that customers' satisfaction has close relationship to brand loyalty as well as service quality. Analogous claim is presented by Hoq and Amin (2010), who postulated that customer satisfaction is the emotional tendency of a customer towards repurchase of products and services offered by a retail store. In order to be successful, especially in the retail industry, managers must concentrate on retaining existing customers by implementing effective strategies towards customer satisfaction and loyalty, since the cost of attracting new customers is higher than the cost of retaining existing ones (Yuen & Chan, 2010). Based on these findings, it is proposed that:

H₅: Customer satisfaction positively influences intention to return.

H₆: Customer satisfaction positively influences word of mouth recommendations.

H₇: Customer satisfaction positively influences on customer loyalty to the staff.

CORPORATE IMAGE

Several researchers of the area of marketing have widely studied the concept of brand image (Abd-El-Salam et al., 2013; Kim & Kim, 2005; Kim & Lee, 2010; Sahin & Baloglu, 2011; Yu & Ramanathan, 2012). For Kim and Kim (2005) a brand symbolizes the essence of the customers' perceptions of the organizations. Corporate image is defined as the "general impression" left in the customers' mind as a result of accumulative impressions or feelings, attitudes, ideas and experiences with the firm, saved in memory, transformed into a positive/negative sense, retrieved to rebuilding image and recalled when the name of the firm is heard or brought to ones' mind. According to Sahin and Baloglu (2011) corporate image is defined as the perception of customers about a brand or a product labelled with that brand. Different authors consider brand image as an important component of strong brands and a determinant in the obtainment of competitive advantages.

An overall assumption is that a promising corporate image will have a positive impact on consumers' behaviour towards the brand, such as the opportunity to command premium prices, buyers who are more loyal, and more positive word-of-mouth reputation (Martenson, 2007). Some researchers developed in last years, have tested the effect of corporate image on customer satisfaction and loyalty (Kim & Lee, 2010; Yu & Ramanathan, 2012). Their empirical findings showed that corporate image plays the important role in founding and retaining customer loyalty in the markets. Additionally, these authors found that customer satisfaction and corporate image perceptions positively influence service loyalty, with satisfaction having a greater influence on loyalty than image. Thus, corporate image is believed to create a positive effect on customers' satisfaction. When customers are satisfied with the service provided of company, their attitude toward the company is enhanced (Srivastava & Sharma, 2013). Based on the reported research, it is proposed:

H₈: Corporate image has positive relationship with customer satisfaction.

H₉: Corporate image has positive relationship with customer loyalty.

Customer Loyalty

Customer loyalty has been usually defined as occurring when customers repetitively buying goods or services over time and retain positive attitudes towards the enterprise delivering the goods or services (Yuen & Chan, 2010). Customers frequently develop an attitude toward purchasing based on a prior service experience or, still, this attitude can also be influenced by previous information, based on the image of the retail in the market and even by word of mouth (WOM recommendation). With reference to the previous conception, customer loyalty has been usually defined as a combination of attitudes and behaviour that becomes a profoundly held commitment to repurchase or support a preferred product/service consistently in the future (Oliver, 1999). The literature suggests behavioural intentions as a construct which permits the evaluation of customer loyalty. These are behaviours related to the

intention to repurchase and even to the intention of recommending the product/service (Sumaedi & Yarmen, 2012; Yuen & Chan, 2010; Zeithaml, et al., 1990). Some studies developed in service industry have found the positive relationship between perceived service quality and loyalty (Wong, Dean & White, 1999). In this sense, behavioural intentions can be define as the customer's judgment about the likeliness to repurchase in this firm or the willingness to recommend the firm to others. We conceptualize behavioural intentions as a higher-order construct consisting of (1) positive word of mouth (Boulding, Kalra, Staelin & Zaithaml, 1993), (2) willingness to recommend (Parasuraman, Zeithaml & Berry, 1994), and (3) intentions to continue buying from a particular service provider (Bowen & Shoemaker, 1998). Based on previous definition, behavioural intention in this study may be described as a stated likelihood to repurchase in the retail stores in the Centre of Portugal and to recommend the traditional store to family, friends and others in the future. There is also ample evidence of the influence of service quality on behavioural intentions, a huge body of research has demonstrated the significant relationship between service quality and customers' behavioural intentions (Parasuraman, Zeithaml & Malhorta, 2005; Sousa & Voss, 2010). In a multi-industry study, the authors later provided evidence of the significant effect of perceived service quality on customers' favourable behavioural intentions, such as repurchase, tendency to say positive things and recommend the company. In addition Cronin and Taylor (1992), Zeithaml et al., (1996) and Fullerton (2005), find a favourable association between service quality and repurchase intentions, say positive things, and willingness to recommend. Therefore, we expect customers who perceive the quality of the service as high to be more likely to demonstrate loyalty intentions. The positive perceptions of service quality enhance the possibility of customers being dedicated in supporting the company and developing and strengthening loyalty behaviour (Yuen & Chan, 2010). The customer loyalty is perceived like as behavioural intention and several scholars consent it is a construct of three levels, namely person-to-person loyalty and person-to-firm loyalty (intention return) and recommendation (WOM). Yuen & Chan (2010) approved the relationship between salesperson loyalty and firm loyalty and they confirmed that the former will carry the latter. Moreover, Oh (1999) found a positive and significant relationship between intention to return and WOM recommendations. Based on these findings, it is proposed that:

H₁₀: Intention to return positively influences WOM recommendations.

H₁₁: Staff Loyalty positively influences Intention to return.

According to this theoretical background, the objective of this study is to propose a model that consists of evaluating the impact of, as Figure 1 shows: (1) perceived service quality directly contribute to customer satisfaction, corporate image and customer loyalty; (2) corporate image and

customer satisfaction directly contribute to customer satisfaction; (3) corporate image directly contribute to customer satisfaction; (4) customer satisfaction directly influences the intention to return, the loyalty to staff and WOM recommendation (Word-of-Mouth communication intention) and (5) the loyalty to staff has a direct influence on the intention to return and this has a direct impact on WOM recommendation.

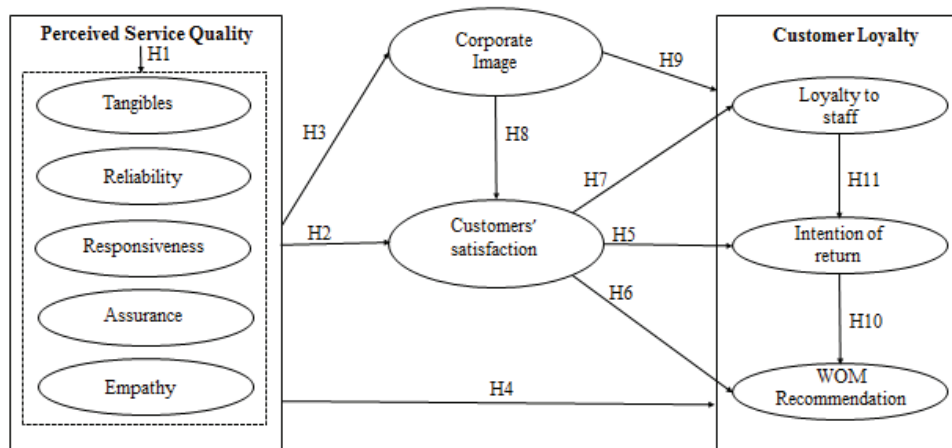


Figure 1. *Research model.*

METHODOLOGY AND DATA

A questionnaire was designed as the survey instrument, which were included all the constructs of the proposed model. The questions in the questionnaire were based on a review of the literature in the area of the trade industry, described above in the theoretical background. This study was applied to customers from traditional retail stores in the north of Portugal during the second half of 2017. It was used a non-probabilistic sampling using convenience technique. This can be regarded as the possible main limitation of the research, as if it would have been conducted by random sampling method, the study would perhaps acquire a greater meaning and general importance.

The questionnaires were distributed online, in order to facilitate a quick distribution and collection of questionnaires in all cities in South and Island of Portugal, and the answers came from the several places of the South and Islands of Portugal. In this study, respondents were required to fill out a three sections. The first section consisted of a standard demographic profile of respondents. The second section contained the characterization of purchase process. The last section includes the statements of dimensions and their sub dimensions. The measurement items to measure primary and sub-dimensions of service quality were adapted from several researchers (Cronin & Taylor, 1992; Dabholkar, et al., 1996; Wu, et al., 2011) and a series of items focusing on the behavioural intentions, customer satisfaction, corporate image and service quality, which were adapted on the basis of several researchers' results (Wu, 2013; Yuen & Chan, 2010; Yu & Ramanathan, 2012; Zeithaml, et al., 1996).

Respondents were asked to use a five-point Likert-type scale (between 1 = 'strongly disagree' and 5 = 'strongly agree') to record their perceptions. Construct reliability was assessed by using the Cronbach's alpha coefficient. Reliabilities ranged from 0.854 to 0.951, suggesting that the construct could be used with confidence.

For the descriptive analysis it was used absolute and relative frequency tables. The Spearman correlation coefficient it was used to measure the intensity of the linear correlation between variables. Multiple linear regression was used in order to estimate models that could identify the determinants of the behaviour of the variables under analysis. The significance level of 5% was assumed in all analysis.

MODEL RESULTS

Demographic Profile

The sample of the South and Insular of Portugal was composed of total 223 respondents which 54.3% (121) were females and 45.7% (97) were males. The maximum number of responses was obtained from 35 - 44 years old with 43.5% (97) and the second age group from 25 - 34 years, with 25.1% (56) responses. Most respondents 61.9% (138), were married or in an unmarried partner, 30.5% (68) were single. It is verified most of respondents had higher education qualifications, as 37.7% (84) were graduates; 29.6% (66) had finished secondary school; 9% (20) had postgraduate degrees; 9.9% (22) had a master's degree and 4.5% (10) were PhDs. As for the professional occupation mostly, 81.2% (181) were employed. In the activity sector, business stood out with 32.3% (72) and the banking with 24.7% (55) of the respondents. Regarding the average annual income, it is observed that 31.4% (70) of the respondents earned between 7001€ to 20000€; 16.6% (36) earned between 20001€ to 40000€ and 7.2% (16) received annually between 40001€ to 80000€ and 34,1%(76) had average annual income higher than 80000€.

Purchase Process

The obtained results show that all of the respondents purchases in traditional trade. It was verified that 91.9% (205) of the individuals had made purchases in traditional commerce there is more than 12 months. The most popular frequency of purchases registered was monthly, 37.2% (83) of the respondents go to the traditional trade once a month and 34.1% (76) do it weekly. As for the average annual spending on purchases in the traditional retail, it was found that 34.1% (76) of the respondents spend under 100€ and that 32.3% spend more than 400€ annually.

Correlation and regression analyses

Analysing the Table 1 shows that the sub-dimensions that constitute Service Quality (SQ) present strong and direct correlations with the SQ, namely assurance and empathy sub-dimensions with very strong correlation coefficients. These findings corroborate hypothesis 1.

Dimensions	Service Quality
Tangibles	0,828
Reliability	0,882
Assurance	0,919
Responsiveness	0,878
Empathy	0,907

Table 1. Spearman correlation between SQ and its constituent dimensions.

The Table 2 shows that the dimensions that constitute Customer Loyalty present strong and direct correlations with the same, namely the dimensions: WOM and intention to return. The staff loyal contributes least to the behavioural intentions.

Dimensions	Behavioural Intentions
WOM	0,902
Intention to Return	0,960
Loyalty to Staff	0,645

Table 2. Spearman's correlation between Behavioural Intentions and its constituent dimensions.

In the Table 3 it is verified that all scale dimensions have positive statistically significant correlation coefficients. The correlation between Service Quality and Customer Satisfaction is strong; as well as between customer loyalty and service quality and customer satisfaction. However, the correlations of the corporate image dimension with the other dimensions were of moderate intensity.

	Service Quality	Customer Satisfaction	Customer Loyalty	Corporate Image
Service Quality	1	0,788	0,697	0,603
Customer Satisfaction		1	0,733	0,511
Customer Loyalty			1	0,552
Corporate Image				1

Table 3. Spearman correlation between dimensions of scale.

Ordinary least squares regression was used to analyse each path in the conceptual model. Statistical assumption tests were assessed for each of the six regression models prior to the analysis in order to ensure a robust result. The results of the hypotheses tests are presented in Table 4. The application of the multiple linear regression model allowed us to obtain a parsimonious model that makes it possible to predict the dependent variable from a set of regressors (independent variables).

Dependent variable	Independent variables	Adjusted R2	F value (p value)	Standardized coefficients	t value (p value)
Customer Satisfaction	Constant			-0,027	-0,137(0,891)
	Service Quality	0,627	187,892 (0,000)	0,691***	13,546(0,000)
	Image			0,156**	3,061(0,002)
WOM	Constant			0,157	0,887(0,376)
	Customer Satisfaction	0,744	162,489 (0,000)	0,225***	3,930(0,000)
	Service Quality			0,053	0,864(0,388)

	Image			0,096*	2,153(0,032)
	Intention to Return			0,600***	12,010(0,000)
Intention to Return	Constant			0,156	0,640(0,523)
	Customer Satisfaction			0,424***	5,866(0,000)
	Service Quality	0,593	81,970 (0,000)	0,061	0,838(0,403)
	Loyalty to staff			0,280***	5,847(0,000)
	Image			0,195***	3,566(0,000)
Loyalty to Staff	Constant			0,042	0,093(0,926)
	Customer Satisfaction			0,094	0,923(0,357)
	Service Quality	0,296	24,280 (0,000)	-0,010	-0,101(0,919)
	Image			0,011	0,146(0,884)
	Intention to Return			0,485***	5,847(0,000)
Customer Loyalty	Constant			0,218	1,011(0,313)
	Customer Satisfaction			0,487***	7,006(0,000)
	Service Quality	0,604	114,073 (0,000)	0,153*	2,150(0,033)
	Image			0,239***	4,450(0,000)
Image	Constant			0,836**	3,308(0,001)
	Customer Satisfaction	0,376	67,863 (0,000)	0,262**	3,061(0,002)
	Service Quality			0,391***	4,574(0,000)

Table 4. A summary of regression models.

In the first regression model which tests the influence of service quality and corporate image on the variation of customer satisfaction. The model obtained is at a statistically significant level of significance of 1% ($F = 187,892$; $p\text{-value} = 0,000$), that is, the variation of customer satisfaction is explained significantly by the estimated model. By the application of the test t, we conclude that service quality ($\beta = 0,691$; $p\text{-value} < 0,001$) and corporate image ($\beta = 0,156$; $p\text{-value} < 0,01$) determine significantly the behaviour of customer satisfaction. The adjusted coefficient of determination reveals that the model presented explains, on average, about 62,7% of the variation of customer satisfaction. Consequently, this model supports the second and the octave hypothesis.

The second regression model that relates WOM with the regressors: customer satisfaction, service quality, corporate image and intention to return is at a significance level of 1% statistically significant. The determinants of the model influenced significantly the variation of WOM, by application of the test t we achieve that customer satisfaction ($\beta = 0,225$; $p\text{-value} < 0,001$); intention to return with coefficient $\beta = 0,600$ and $p\text{-value} < 0,001$; corporate image with coefficient $\beta = 0,096$ and $p\text{-value} < 0,05$; are statistically significant. The estimated model explains, on average, about 74,4% of the WOM variation. Thus, this model supports the tenth and the sixth hypothesis.

In the third regression model that relates intention to return with the regressors: customer satisfaction, service quality and corporate image is at a significance level of 1% statistically significant. The followings determinants of the model influenced significantly the variation of intention to return, as the test t, customer satisfaction with coefficient $\beta = 0,424$ and $p\text{-value} < 0,001$; loyalty to staff ($\beta = 0,280$; $p\text{-value} < 0,001$) and corporate image with coefficient $\beta = 0,268$ and $p\text{-value} < 0,001$; are statistically significant. The estimated model explains, on average, about 59,3% of the intention to return. The

service quality regressor is not presented significantly in the variation of intention to return. Thus, this model supports the fifth and the eleventh hypothesis.

The fourth regression model that relates loyalty to staff with the regressors: customer satisfaction, service quality, corporate image and intention to return is at a significance level of 1% statistically significant. The estimated model explains, on average, about 29,6% of the loyalty to staff. The intention to return was influenced significantly the variation of loyalty to staff, as the test t, with coefficient $\beta = 0,485$ and p-value $<0,001$; is statistically significant. The customer satisfaction, the service quality and the corporate image regressors are not presented significantly in the variation of loyalty to staff. Thus, this model refutes the seventh hypothesis.

The fifth regression model that relates customer loyalty with the regressors: customer satisfaction, service quality and corporate image is at a significance level of 1% statistically significant. The determinants of the model influence significantly the variation of customer loyalty, because by the test t customer satisfaction with coefficient $\beta = 0,487$ and p-value $<0,001$; service quality with coefficient $\beta = 0,153$ and p-value $<0,05$; corporate image with coefficient $\beta = 0,239$ and p-value $<0,001$; are statistically significant. The estimated model explains, on average, about 60,4% of the customer loyalty variation. Therefore, this model supports the fourth and ninth hypothesis.

The sixth regression model that relates corporate image to the service quality and to the customer satisfaction, is at a significance level of 1% statistically significant. The estimated model explains, on average, about 37,6% of the corporate image variation. By the application of the test t, the customer satisfaction with coefficient $\beta = 0,262$ and p-value $<0,01$ and service quality regressor ($\beta=0,391$; p value $<0,001$), can be conclude that, determine significantly corporate image behaviour. Therefore, this model supports the third hypothesis.

CONCLUSIONS

This research achieved their central aim since it has examined the determinants of the customer satisfaction and loyalty and has evaluated the relationships among customer satisfaction, image and customer loyalty and service quality, in the traditional trade of South and of the Islands of the Portugal. So, the model proposed was allowed to evaluate the hypotheses presented, as well as it contributes to the retail managers better understand the implications of the dimensions of service quality, customer satisfaction and of brand image on customer loyalty, and the consequently on the profitability of the traditional retail stores. The findings from exploratory factor analysis indicate that service quality consists of five dimensions (tangibles, reliability, responsiveness, assurance and empathy). For traditional trade in the South and in the Islands of Portugal, the assurance and the empathy play an

important role in determining service quality, and are followed by responsiveness, reliability and tangibles.

The results of this study validated the hypotheses of investigation with the exception of the seventh hypothesis. In this sense, this research demonstrates that service quality has a direct influence on corporate image, and both, influence customer loyalty. The positive relationship between service quality and corporate image suggests that customers who received high service quality during service delivery would form a favourable image of the traditional retail store. Furthermore, the relationship between customer satisfaction and corporate image is positive and significant. Increased service quality then results in greater corporate image that results indirectly in greater customer loyalty, based on the positive relationship between corporate image, customer satisfaction and customer loyalty. Both customer satisfaction as corporate image directly influences customer loyalty. In general, satisfied customers form their favourable behavioural intentions to return or recommend the traditional retail store while experiencing a high level of service quality that produces a favourable corporate image. Furthermore, the level of satisfaction of the customers positively affects their word of communication about traditional stores retail of the South and of the Islands of Portugal and the customers' intentions to revisit a retail store. Nevertheless, customer satisfaction does not directly influence loyalty to staff. Findings found are also consistent with the literature. In other researches such as this, satisfied customers have higher levels of intention for revisiting traditional stores, loyal customer to staff has intention to revisit the traditional retail store and their satisfaction levels induce them to provide positive word of mouth communication to friends or families. Corporate image has been found to have a positive effect on behavioural intentions, implying that customers forming their positive overall impressions of the image of traditional store retail are more likely to return or revisit the similar store in the future.

Besides, the findings of this research supported the corporate image, customer satisfaction and of the dimensions of service quality as determinants of the customer loyalty in the traditional retail of the South and of the Islands of Portugal. Their retail managers can use this finds to improve their understanding of the factors that create a pleasant purchasing experience and act to increase customers' loyalty. Furthermore, the customers who return or revisit the traditional retail stores can help management to establish a good reputation through the positive word-of-mouth. In addition, retail management should know and resource the customer-important sub-dimensions to improve traditional trade' competitiveness. This information will enable management to accurately measure customers' perceptions of their overall experiences in the traditional trade. Additionally, the traditional retail stores should continue their emphasis on service and making a more personalized experience for their customers. Great service has the potential to considerably development perceived utility for

customers (Disfani et al., 2017). Therefore, management should realize that service quality in the trade industry definitely influences customers' future favourable behavioural intentions through satisfaction and corporate image. Also, traditional trade management should structure their infrastructure, processes, operations and resource allocation in terms of the relative importance of the service quality dimensions to their target at specific customers. Traditional retail industry need to recognize the importance of service quality dimensions in order of their significance, and implement appropriate strategy for competitive advantage over domestic and international players competing for share of an expanding consumer base (Mahfooz, 2014).

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