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THE MEDIATING ROLE IN THE CUSTOMER SATISFACTION- LOYALTY RELATIONSHIP ON THE RETAIL INDUSTRY

Ribeiro, Humberto¹; Veloso, Cláudia²; Alves, Sandra³; Monte, Paula⁴

¹GOVCOPP, Águeda School of Technology and Management, University of Aveiro, Aveiro, Portugal

²ESTGA; GOVCOPP; UNIAG; Polytechnic Institute of Bragança, University of Aveiro, Aveiro, Portugal

³CIC.Digital, School of Technology and Management, Polytechnic of Leiria, Leiria, Portugal

⁴UNIAG; Polytechnic Institute of Bragança; Bragança, Portugal

ABSTRACT

The relationship between customer satisfaction and loyalty has been subject to several studies in recent years. Using both theoretical and, mostly, empirical methodologies, the literature has captured a direct bond linking satisfaction to customers' loyalty, whose mediating role presents enough merits to be examined as well. Accordingly, this paper has the purpose to assess the mediating factors of the satisfaction and customer's loyalty in the retail traditional industry, with a particular emphasis on the following mediating relationships: quality service, brand image and perceived value.

This paper adds to the growing literature focused on the retail industry, being aware that such condition is uttermost important for the traditional retail in Portugal, as research and literature is still lacking, particularly focusing on studies at the regional level. This paper therefore contributes to mitigate such gap, by gathering evidence from traditional retail stores of the Centre of the Portugal, offering a discussion that makes major contributions that are supportive of practitioners and retail management in their quest for customer satisfaction and loyalty, and subsequent reward in terms of the sustainability and profitability of traditional retail businesses.

As main findings of this paper, one can highlight the suggestion that service quality directly influences the corporate image, perceived value and customer satisfaction and, concurrently, those influence back the behavioural purchase intentions. The positive relationship between quality of service and corporate image suggests that customers who received a high quality of service while consuming services would create a favourable image of the traditional retail store; similarly as the positive relationship between the service quality and the perceived value, which demonstrates that the high quality of service received by customers contributes to increase their perception about the value received by their purchases.

Keywords: Retailing, Traditional Retail, Service Quality, SERVQUAL, SERVPERF, Customer Satisfaction, Corporate Image, Perceived Value, Customer Loyalty, Portugal.

INTRODUCTION

For a long time that the issues of the customer's satisfaction and loyalty have been considered key factors for achieving entrepreneurial success. Unsurprisingly, the relationship between customer satisfaction and loyalty has been subject to several studies in recent years. Using both theoretical and, mostly, empirical methodologies, the literature has captured a direct bond linking satisfaction to customers' loyalty, whose mediating role presents enough merits to be examined as well. Accordingly, this paper has the purpose to assess the mediating factors of the satisfaction and customer's loyalty in the retail traditional industry, with a particular emphasis on the following mediating relationships: quality service, brand image and perceived value.

There is some literature focused on the examination of mediating roles and relationships. For example, Abd-El-Salam et al. (2013) theorised and tested whether customer satisfaction mediates the relationship between overall service quality and customer loyalty; while Chen (2012) devoted an entire section of the research paper to the analysis of this topic.

This paper attempts adding to the growing literature focused on the retail industry, being aware that such condition is uttermost important for the traditional retail in Portugal, as research and literature is still lacking, particularly while focusing on studies at the regional level. Following an early research from Veloso et al. (2018), this research therefore tries contributing to mitigate such gap, by gathering evidence from traditional retail stores of the Centre region of Portugal, offering a discussion that makes major contributions that are supportive of practitioners and retail management in their quest for customer satisfaction and loyalty, and subsequent reward in terms of the sustainability and profitability of traditional retail businesses.

More specifically, the research to be presented in this paper tries to examine the possible service quality influences on the corporate image, perceived value and customer satisfaction and, concurrently, those influences back to the customers' behavioural intentions. A positive relationship between quality of service and corporate image is theorized, suggesting the possibility that a customer, who received a higher quality of service, while consuming services, would create a more favourable image of the traditional retail store. Likewise as the positive relationship between the service quality and the perceived value. That may suggest that a higher quality of service received by customers may contribute to increase their perception of the value being received while buying.

Concurrently, the relationship between customer satisfaction and perceived value is theorised to be existent, as well as a relationship between corporate image and customer satisfaction. Corporate image, perceived value and customer satisfaction are also regarded as possibly influencing customer loyalty, since satisfied customers tend to generate favourable behavioural intentions to return. Furthermore, they are likely to make recommendations, as long as they feel they are experiencing a high level of

service quality, which, ultimately, results in greater perceived value and a more favourable corporate image.

Indeed, customers who return or revisit the traditional retail stores can help retail management to achieve a good reputation through a positive word-of-mouth. Additionally, retail management should be aware and assess the customer-relevant sub-dimensions to improve traditional trade' competitiveness. This information may be used to enable management to accurately measure customers' perceptions of their overall experiences in the traditional trade. Furthermore, the traditional retail stores should continue to emphasize on quality service and on making an effort to offer more personalized experiences for their customers. Great service has the potential to considerably develop perceived utility for customers (Disfani et al., 2017). Therefore, the managers and owners of the traditional retail stores should realise that service quality in the retail industry definitely influences customers' future favourable behavioural intentions through satisfaction, perceived value and corporate image.

The structure of this paper is as follows: having made a brief introduction, some further theoretical background is developed, laying the foundations of the research model, composed by a set of research hypotheses that compose the main model. Afterwards comes a data collection and analysis section, followed by the examination of the results obtained and subsequent findings, ending, finally, with the discussion and conclusions

THE CUSTOMER SATISFACTION-LOYALTY RELATIONSHIP

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). Some studies described the perceived service quality as an overall judgment about the level of a service provider's performance. 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 and 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 and El-Nahas, 2013; Disfani et al., 2017; Martinelli and Balboni, 2012; Tang et al., 2015; Yu and Ramanathan, 2012; Yuen and 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 and Parasuraman, 1996). Lang (2011) considers the quality service as an important determinant of customer satisfaction and word-of-mouth communication. According to Nadiri and Hussain (2005) service quality increases customer satisfaction, stimulates intention to return, and inspires recommendations. Hua, Kandampully and Juwaheer (2009) found out that those customers who received high service quality during service delivery would form a favourable image of the company as well as for customers, received higher level of service quality and perceived superior value has strong impacts on customer satisfaction. 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 the customers has a positive influence on their satisfaction.

H₂: The perceived service quality by the customers has a positive influence on corporate image.

H₃: The Perceived service quality has positive relationship with perceived value.

Corporate image

Several researchers of the area of marketing have widely studied the concept of brand image (Abd-El-Salam et al., 2013; Kim and Kim, 2005; Sahin and Baloglu, 2011; Yu and 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 (e.g. Abd-El-Salam et al., 2013; Yu and 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 and Sharma, 2013). Based on the reported research, it is proposed:

H4: Corporate image has positive relationship with customer satisfaction.

H5: Corporate image has positive relationship with customer loyalty.

Perceived Value

The perceived value is the customer's overall evaluation of the value of a product or service based on the perception of what is received and what is given (Nguyen, et al, 2018). According to Matzler, Bidmon and Grabner-Kräuter (2006) the pricing strategy is a main determinant to strengthen and improve the customers' satisfaction and loyalty, indeed in the retail industry, the pricing strategy and the value perceived is as much or even more important than the perceived service quality in the corporate strategy. Consequently, a suitable pricing model and a favourable perceived value positively strengthen the business's global success in the retail industry (Nikhashemia, Paim, Sidin and Khatibi, 2014).

Some research have also reported that perceived value variation has beyond the close relationship with quality service adopts a significant relationship with product delivery and customers' expectations and loyalty. Several authors have also found numerous perceived value influences on quality service (e.g. Liu and Lee, 2016; Nugyen, et al, 2018). This does not mean that the perceived value will have be low to exist satisfaction, but that the value perceived by the customer will take into account the received and its relationship with the price paid. Previous studies on goods have showed that the perceived value relationship was considered enough important for customer satisfaction (Qin and Prybutok, 2008). In the area of service industry, Hsin-Hui, Jay and Thanika (2009) confirm that the perceived value of a hotel positively and significantly influences the corporate image. Thus, this study proposes the following hypothesis:

H₆: The perceived value has a positive influence on the corporate image.

H₇: The perceived value has a positive influence on the customer satisfaction.

H₈: The perceived value has a positive influence on the 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 and 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 and Chrysochou, 2014). More value for customer incomes great satisfaction, which can benefit the retail enterprise in the long term (Cronin, Brady and 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. 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, Singh and Sabol (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:

H₉: Customer satisfaction positively influences 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 and 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, 1980). 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 and Yarmen, 2012; Yuen and 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 and 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 and Zaithaml, 1993), (2) willingness to recommend (Parasuraman, Zeithaml and Berry, 1994), and (3) intentions to continue buying from a particular service provider (Bowen and 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 and Malhorta, 2005; Sousa and 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 and 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 and 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.

Therefore, in accordance with the aim of this research and the theoretical background presented above, Figure 1 presents the research model to assess the impact of: (1) perceived service quality directly contribute to customer satisfaction, customer-perceived value and corporate image; (2) corporate image and customer-perceived value directly contribute to customer satisfaction and customer loyalty; (3) customer-perceived value directly contribute to corporate image; (4) customer satisfaction directly influences customer loyalty (the intention to return, the loyalty to staff and 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.

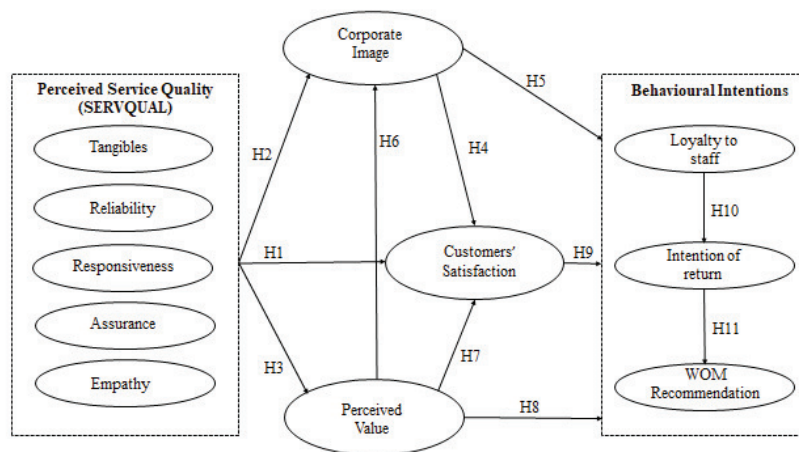


Figure 1. *Research model.*

DATA

A questionnaire was designed as a survey instrument, which 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 retail industry, as described above in the theoretical background. The research study was applied to customers from traditional retail stores in the Centre of Portugal during the first half of 2017. It was used a non-probabilistic sampling using convenience technique. The questionnaires were distributed online and the answers came from several cities and places of the central region of Portugal. In this study, respondents were required to fill out a three-page 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 included 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 and Taylor, 1992; Dabholkar et al., 1996; Wu, Lin and Hsu, 2011) and a series of items focusing on the behavioural intentions, customer satisfaction, perceived value and corporate image, were adapted on the basis of several researchers' results (Nadiri and Gunay, 2013; Ryu, Han and Kim, 2008; Wu et al., 2011; Wu, 2013; Yu and Ramanathan, 2012; Yuen and Chan, 2010;

Zeithaml et al., 1996). Respondents were asked to use a five-point Likert-type scale (where 5-point scales anchored 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 0.863 to 0.961, suggesting that the construct could be used with confidence. For the descriptive analysis it was used absolute and relative frequency tables. The Spearman correlation coefficients were 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.

MODEL RESULTS

Demographic Profile

The sample of the Centre of Portugal was composed of total 249 respondents which 51% (127) were females and 49% (122) were males. The maximum number of responses was obtained from 35 - 44 years old with 35.7% (89) and the second age group from 45 - 54 years, with 22.5% (56) responses. Most respondents 53.8% (134), were married or in an unmarried partner, 39.4% (98) were single. It is verified most of respondents had secondary level qualifications, as 49.4% (123), on the other hand, 27.3% (68) were graduates; 4.4% (11) had postgraduate degrees; 8% (20) had a master's degree and 8% (20) were PhDs. As for the professional occupation mostly, 65.5% (163) were employed. In the activity sector, banking stood out with 26.9% (67) of the respondents, followed by education sector with 14.1% (35) of the individuals. Regarding the average annual income, it is observed that 32.5% (81) of the respondents earned between 7001€ to 20000€; 27.7% (69) earned between 20001€ to 40000€ and 18.5% (46) received annually between 40001€ to 80000€.

Purchase Process

The obtained results show that 99.9% of the respondents purchases in traditional trade. It was verified that 82.3% (205) of the individuals had made purchases in traditional trade there is more than 12 months. The most popular frequency of purchases registered was weekly, 38.6% (96) of the respondents go to the traditional trade once a week and 12.9% (32) do it daily. As for the average annual spending on purchases in the traditional trade, it was found that 32.1% (80) of the respondents spend under 100€ and that 36.5% (91) spend more than 400€ annually.

Correlation and regression analyses

The Table 1 shows the internal consistency of the dimensions and sub-dimensions of the scale used. It is verified that all the dimensions and sub-dimensions have internal consistency at least good, because in

some situations (Alpha of Cronbach higher to 0.90) the internal consistency is very good, suggesting that the construct could be used with confidence.

Dimensions	Subdimensions	Cronbach's Alpha
1 - Service Quality (SERVQUAL)	1.1; 1.2; 1.3; 1.4; 1.5	0.961
	1.1 - Tangibles	0.854
	1.2 - Reliability	0.842
	1.3 - Assurance	0.924
	1.4 - Responsiveness	0.728
	1.5 - Empathy	0.884
2 - Customer Satisfaction		0.877
3 - Perceived Value		0.921
4 - Customer Loyalty	4.1;4.2;4.3	0.907
	4.1 - Wow	0.952
	4.2 - Intention to return	0.863
	4.3 - Loyalty to Staff	-----
5 - Corporate Image		0.888

Table 1. *Composition of scale dimensions/ sub-dimensions and internal consistency*

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 (customer loyalty).

Dimensions	Customer Loyalty
WOM	0.893**
Intention to Return	0.950**
Loyalty to Staff	0.679**

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 Perceived Value versus Service Quality and Customer satisfaction; and between Customer Loyalty versus Service Quality, Customer Satisfaction and Perceived Value. However, the correlations of the corporate image dimension with the other dimensions were of moderate intensity.

	Service Quality	Customer Satisfaction	Perceived value	Customer Loyalty	Corporate Image
Service Quality	1	0.827**	0.744**	0.734**	0.632**
Customer Satisfaction		1	0.758**	0.774**	0.564**
Perceived value			1	0.750**	0.562**
Customer Loyalty				1	0.639**
Corporate Image					1

Table 3. *Spearman's 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	0.756	257.300 (0.000)	-0.401*	-2.441(0.015)
	Service Quality			0.574***	11.063(0.000)
	Perceived value			0.329***	6.832(0.000)
	Image			0.033	0.779(0.437)
WOM	Constant	0.769	165.873 (0.000)	0.243	1.450(0.148)
	Customer Satisfaction			0.092	1.395(0.164)
	Service Quality			0.153*	2.468(0.014)
	Perceived value			0.374***	7.147(0.000)
	Image			-0.032	-0.754(0.452)
Intention to Return	Constant	0.671	102.372 (0.000)	0.382***	7.634(0.000)
	Customer Satisfaction			0.106	0.495(0.621)
	Service Quality			0.362***	4.850(0.000)
	Loyalty to Staff			0.256***	6.223(0.000)
	Perceived value			0.029	0.394(0.694)
Customer Loyalty	Constant	0.710	152.976 (0.000)	0.190**	3.110(0.002)
	Customer Satisfaction			0.173***	3.483(0.001)
	Service Quality			0.061	0.328(0.743)
	Perceived value			0.359***	5.156(0.000)
	Image			0.097	1.395(0.164)
Corporate Image	Constant	0.445	100.492 (0.000)	0.319***	5.566(0.000)
	Service Quality			0.174***	3.767(0.000)
	Perceived value			0.523*	2.179(0.030)
Perceived value	Constant	0.633	215.223 (0.000)	0.499***	6.982(0.000)
	Customer Satisfaction			0.210**	2.934(0.004)
	Service Quality			0.044	0.202(0.840)
				0.506***	7.102(0.000)
				0.323***	4.537(0.000)

Table 4. A summary of regression models.

In the first regression model which tests the influence of service quality, perceived value and corporate image on the variation of customer satisfaction. The model obtained is at a statistically significant level of significance of 1% ($F = 257.300$; $p\text{-value} = 0.000$), 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 ($\beta = 0.574$; $p\text{ value} < 0.001$) and perceived value ($\beta = 0.329$; $p\text{ value} < 0.001$) determine significantly the behaviour of customer satisfaction. The corporate image regressor is not presented significantly in the variation of customer satisfaction. The adjusted coefficient of determination reveals that the model presented explains, on average, about 75.6% of the variation of customer satisfaction. Consequently, this model supports the first and the seventh hypothesis and refutes the fourth hypothesis.

The second regression model that relates WOM with the regressors: customer satisfaction, service quality, corporate image, perceived value and intention to return is at a significance level of 1% statistically significant. The service quality, the perceived value and the intention to return determinants influenced significantly the variation of WOM, by application of the test t we achieve that service quality ($\beta=0.153$; p value <0.05); perceived value with coefficient $\beta = 0.584$ and p -value <0.01 and intention to return with coefficient $\beta = 0.382$ and p -value <0.001 ; are statistically significant. The customer satisfaction and the corporate image regressors are not presented significantly in the variation of WOM recommendation. The estimated model explains, on average, about 76.9% of the WOM variation. Thus, this model supports the eleventh hypothesis.

In the third regression model that relates intention to return with the regressors: customer satisfaction, service quality, loyalty to staff, perceived value 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 $\beta = 0.403$ and p -value <0.001 ; loyalty to staff ($\beta=0.256$; p value <0.001); perceived value with coefficient $\beta = 0.190$ and p -value <0.001 and corporate image with coefficient $\beta = 0.173$ and p -value <0.001 ; are statistically significant. The estimated model explains, on average, about 67.1% 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 tenth hypothesis.

The fourth regression model that relates customer loyalty with the regressors: customer satisfaction, service quality, perceived value and corporate image is at a significance level of 1% statistically significant. The service quality regressor is not presented significantly in the variation of customer loyalty. The others determinants of the model influence significantly the variation of customer loyalty, because by the test t customer satisfaction with coefficient $\beta = 0.359$ and p -value <0.001 ; perceived value with coefficient $\beta = 0.319$ and p -value <0.001 ; corporate image with coefficient $\beta = 0.174$ and p -value <0.001 are statistically significant. The estimated model explains, on average, about 71% of the customer loyalty variation. Therefore, this model supports the fifth, octave and ninth hypothesis.

The fifth regression model that relates corporate image to the service quality and to the perceived value is at a significance level of 1% statistically significant. The estimated model explains, on average, about 44.5% of the corporate image variation. By the application of the test t, the perceived value with coefficient $\beta = 0.210$ and p -value <0.01 and service quality regressor ($\beta=0.499$; p value <0.001), can be conclude that, determine significantly corporate image behaviour. Therefore, this model supports the second and the sixth hypothesis.

The sixth regression model that relates perceived value 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 63.3% of the perceived value variation. The determinants of the model influence significantly the variation of perceived value, because by the application of the test t, the customer satisfaction with coefficient $\beta = 0.506$ and p-value <0.001 and service quality regressor ($\beta=0.323$; p value <0.001), can be conclude that, determine significantly perceived value behaviour. Therefore, this model supports the third hypothesis.

CONCLUSIONS

The main objective of this study was reached since it was possible to analyse the mediating factors of the satisfaction and loyalty customer. More specifically, the model designed to examine the proposed objective allowed to assess the relationships between the following mediating relationships in the traditional retail stores of the Centre of the Portugal: quality service, brand image and perceived value with satisfaction and customer's loyalty. Moreover, the model constructed allowed to evaluate the hypotheses formulated, as well as it provides a major contribution for the retail managers to better understand the implications of the dimensions of service quality, perceived value, customer satisfaction and brand image on customer loyalty and, consequently, on the profitability of the traditional retail stores.

The findings validated the research hypotheses with the exception of the fourth hypothesis. In this sense, this research demonstrates that service quality directly influences the corporate image, perceived value and customer satisfaction and, concurrently, those influence back the behavioural intentions. The positive relationship between quality of service and corporate image suggests that customers who received a high quality of service while consuming services would create a favourable image of the traditional retail store; similarly as the positive relationship between the service quality and the perceived value, which demonstrates that the high quality of service received by customers contributes to increase their perception of the value received by the purchase. Furthermore, the relationship between customer satisfaction and perceived value is positive, but the relationship between corporate image and customer satisfaction is not found to be positive and significant. Nevertheless, corporate image, perceived value and customer satisfaction directly influence customer loyalty. Thereby happy and satisfied customers generate 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 and greater perceived value. Likewise, the level of satisfaction of the customers positively affects their word-of-mouth about traditional stores of the Centre of Portugal and the customers' intentions to revisit a retail store. The results are consistent with the literature about this topic. In some research such as the one developed in this paper, satisfied customers have higher levels of intention for revisiting traditional stores, loyal customers to staff are more willing to revisit the

traditional retail store, and their satisfaction levels induce them to provide a positive word-of-mouth communication to friends and families. Perceived value and corporate image has been found to have a positive effect on behavioural intentions, implying that customers create their positive overall impressions of the image of traditional store retail as well as when they understand that the traditional store has delivered a high value, being consequently more likely to return or revisit this type of stores in the future.

The research presented here offers a contribution to the managers of the traditional retail stores of the Centre of Portugal, in the sense they can use this research findings in order to improve their understanding of the variables that create a pleasant purchasing experience and contribute to increasing customers' loyalty. Moreover, the customers who return or revisit the traditional retail stores can help retail management to achieve a good reputation through a positive word-of-mouth. Additionally, retail management should be aware and assess the customer-relevant sub-dimensions to improve traditional trade' competitiveness. This information may be used to enable management to accurately measure customers' perceptions of their overall experiences in the traditional trade. Furthermore, the traditional retail stores should continue to emphasize on quality service and on making an effort to offer more personalized experiences for their customers. Great service has the potential to considerably develop perceived utility for customers (Disfani et al., 2017). Therefore, the managers and owners of the traditional retail stores should realise that service quality in the retail industry definitely influences customers' future favourable behavioural intentions through satisfaction, perceived value and corporate image.

In a different strand of analysis and discussion, it is worthwhile to mention that the main limitation of the research presented here is the use of the convenience sampling technique, as the study could eventually obtain a greater meaning and general importance if random sampling method would be used instead.

Finally, one can highlight that the main contribution of this study is adding to the growing literature focused on the retail industry, being aware that such condition is uttermost important for traditional retail in Portugal, as research and literature is still lacking. This paper contributes to mitigate such gap, by offering evidence that supports practitioners and retail management in their quest for customer satisfaction and loyalty, and subsequent reward in terms of the sustainability and profitability of traditional retail businesses.

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