

# Customer Loyalty and Service Quality: A Case of Supermarkets in the South Market of Vietnam

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**Abstract**— In Vietnam, retail sector has experienced a phenomenal growth in the last decade due to changing tastes and preferences of consumers. This poses tight competition among the supermarkets as well as from the traditional standalone retail shops. Consequently supermarkets have appreciated the importance of attracting and creating a loyal customer base through provision of superior shopping experience with emphasis on excellent customer service and relationship retailing driven by strategy. This research attempts to examine the relationship between customer loyalty and service quality dimensions as well as establish the significance of each dimension in predicting customer loyalty among the supermarkets in Vietnam. The main purpose of this quantitative correlational study was to determine (1) The relationship between customer loyalty and service quality in retail service sector with respect to the service quality dimensions among supermarkets in the south market of Vietnam; and (2) the significance of individual service quality dimension in predicting customer loyalty among supermarkets in Ho Chi Minh City, Vietnam.

**Index Terms**— retail industry, supermarket, customer loyalty, service quality, Vietnam

## 1 INTRODUCTION

Nearly 1 decade of being a member of World Trade Organization (WTO), Vietnam has been considered as one of the most attractive economies in retail sector all over the world. With the increasing of Foreign Direct Investment (FDI) companies, retail sector contributed much to the GDP growth; however, this also brought more challenges to domestic retailers.

Vietnam as other emerged countries in the world has national comparative advantages such as stable politics system, high and young population. Moreover, Viet-nameese government has applied “open policy” to attract more foreign companies to invest in, especially to the south of Vietnam. Since 2000, the average income has been improved and reached medium income class in 2015. This evidence proved that the direction of Vietnamese government is right and continue forwarding as the change of the economy. Many economists considered that Vietnam is still a potential market to FDI businesses and opportunity is still opening to new investors while all barriers are debating to be removed before 2020.

Retail industry is considered as the most important pillars which contributed significantly to gross domestic production and created much job opportunities to people in Vietnam. According to economic survey of Vietnam national bureau of statistics (2015), retail sector contributed approximately 11.5% of the GDP of Vietnam. The finding of this study will support to service management academics and service management supervisors on how to measure, control and improve service quality and loyalty from a customer perspective. The study

will also help managers and owners of supermarket stores make informed decisions while investing their limited resources in building capacity among various stores. The result of this research also contributes to enrich knowledge of relationship between service quality and customer loyalty and provides the suggestion to management levels on how to improve the performance of supermarkets in Vietnam’s economic cities.

Many researchers have studied the factors that affect the customer loyalty in different sectors; however, there is no study on the relationship between customer loyalty and service quality in particular sector in Vietnam. Therefore, the author decided to conduct a research on this problem. The main purpose of this quantitative correlational study was to determine:

- The relationship between customer loyalty and service quality in retail service sector with respect to the service quality dimensions among supermarkets in HCMC, Vietnam.
- The significance of individual service quality dimension in predicting customer loyalty among supermarkets in HCMC, Vietnam.

The result of this research may contribute to enrich knowledge of relationship between service quality and customer loyalty and provides the suggestion to management levels on how to improve the performance of supermarkets in Vietnam’s economic cities.

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## 2 LITERATURE REVIEW

### 2.1 Service Quality

Service quality has been defined differently by several researchers based on different attributes such as Value, Excellence and conformance to specifications. Parasuraman Zeithaml and Berry (1984) described service quality as the difference between the expected service and actual delivered service. Gronroos (2010) explains that service quality experienced by customers has two dimensions i.e. the technical and the functional dimensions. Technical quality also referred to as service product quality describes what the customer received during service delivery but the functional quality also called the product service describes how the service was delivered.

Evans and Lindsay (2004) defined quality as meeting or exceeding customer expectations' where the customer becomes the final determiner of quality. If perceptions of delivered service are lower than expectations, service quality is said to be low and vice versa. In retail settings, perceptions of service encounters accumulate overtime as the customers make continuous exchanges with the vendor. According to Levy and Weitz (2009), customers evaluate the quality of retail service on their various encounters by comparing perceived service and expectations. They are satisfied when perceived service meets and exceeds expectations and dissatisfied when the opposite is true.

Dabholkar et al. (1996) investigating service quality in retail setting indicated that where there is a mix of product and service, service quality is likely to have higher impact on customer perceptions than product quality. Similar conclusions were made by whitely (1991) who found that 70% of customers who switch to competition do so due to poor quality of service while only 30% do so due to poor product quality making service quality a key consideration in a customer retention strategy of any firm.

Service quality has been acknowledged by several researchers as a multidimensional construct. The pressing issue concerns how to identify the determinants of service quality among supermarkets in Vietnam in order to setting up the appropriate strategy to measure, manage, and control customer loyalty over service receiving from sellers. In an attempt to develop a service quality measurement model Parasuraman Berry and Zeithaml (2010) conducted an exploratory survey which concluded that consumers simply use the same criteria to evaluate quality of received service. They summarized the key determinants into ten dimensions i.e. Communication, Courtesy, Security, Credibility, Access, Responsiveness, Competence, Reliability, Tangibles and Understanding. These they later simplified these into five dimensions i.e. Tangibles, Assurance, Responsiveness, Empathy and Reliability.

### 2.2 Customer Loyalty

In competitive market, keeping customer stay with company is not an easy task. However, if customers feel satisfied

with received products/perceived services, the degree of customer loyalty will increase. Therefore, in retail sector, companies always try to increase the level of customer satisfaction by focusing on customer demand and expectations. Most studies show that higher levels of customer satisfaction will lead to greater customer loyalty, which in turn results in better company performance and also related to bottom line results (Gilbert & Veloutsou, 2006). According to Jang and Mattila 2005, attracting a new customer is three to five times more costly than retaining an existing customer. Therefore, most of the multinational companies will come out with new marketing strategies or provide special promotion in order to attract new customers and retain existing customers. According to Heskett (1997), customer satisfaction passes a certain threshold will increase customer loyalty rapidly. Consistent with this "threshold" argument, it has been found that "delighted" customers have a much higher probability of retention than those who are merely "satisfied" (Oliver, 1997).

Castelo (1999) found that service quality and satisfaction had no statistical significance in determining service loyalty. Wong, (2005) cited Clarke (2001) as mentioning that customer satisfaction, which has become nothing more than the price of entry to a category is therefore the starting point to build customer loyalty. Some studies show a positive relation between perceived service quality, customer satisfaction and customer loyalty. Perceived service quality influences the level of customer satisfaction (Parasuraman et al., 1994) which in turn has an impact on customer loyalty, it can be postulated that perceived service quality also influences customer (Mohammad et al., 2013)

According to La (2009), customer loyalty was described by three aspects represented by three approaches include behavioral approach, attitudinal approach and integrated approach. The first approach concerns to the brand equity of service providers. If provider provides much information and the brand equity is good to customer perception, the degree of customer loyalty will be improved. The second approach concerns to preferences and the intention to use service. This approach mentions that if customers have much information about service provider and good comments from other reviewers, they will have better degree of loyalty. The last approach concerns to attitude of customer on service they perceived. If service is good quality, as customer perception, they will have better degree of loyalty.

Customer loyalty can be described as willingness to repurchase and patronize a product or service over a long time or recommending to friends and associates. It is viewed as the strength of relationship between individual's relative attitude and repeat patronage facilitated by social and situational factors (Dick & Basu, 2009).

		Repeat Patronage	
		High	Low
Relative Attitude	High	True Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No loyalty

Source: Dick and Basu's loyalty (2009)

Table 1. Customer Loyalty Typology

Customers with high behavioral and attitudinal loyalty are true loyals. This is the most preferred level of loyalty because it is beneficial to the business because they not only repurchase but also refer the service provider to their friends and associates. Those with high behavioral loyalty and low attitudinal loyalty are described as spurious loyals. Latent loyalty is characterized by low repeat patronage and high relative attitude towards the vendor or product. Low repeat patronage combined with low attitude towards the 14 vendor or the product is an indication of no loyalty at all. This is common in new products and businesses.

This study has adopted measurements based on Dick and Basu (2009) incorporating two dimensions of loyalty i.e. the behavioral and the attitudinal loyalty. Behavioral loyalty examines the customer's continuity of past purchases and measures customer loyalty in terms of rate of purchase, frequency of purchase, and possibility of repurchase of (same or additional products or service by same vendor). Attitudinal loyalty measures customer loyalty in terms of psychological involvement, favoritism, and a sense of goodwill towards the product or service. These are measured in terms of motivation to search alternations, Word of mouth communications (referrals), resistance to switch, price sensitivity and complaining behavior.

## 2.3 Conceptual Framework

When measuring retail service quality in Vietnam retailer author adopted RSQS framework with some minor modifications to Vietnamese situation, especially to Vietnamese customer behaviors. Five service quality dimensions are evaluated in this study are summarized as follows: Tangibility (TAN), Reliability (REL), Empathy (EMP), Responsiveness (RES), and Assurance (ASS).

In this study, Customer Loyalty (CL) is evaluated whether customers are willing continue to shop at this supermarkets and introduce this supermarkets to other people. The analytical framework of this study is summarized in the following figure:

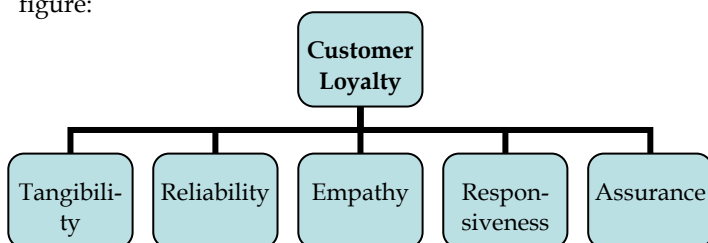


Figure 1. Conceptual Framework

## 2.4 Hypotheses

Base on the research question and conceptual framework, five hypotheses of this research model are:

- Ha1: Tangibility (TAN) aspects component of retail service quality has positive impact on customer loyalty.

- Ha2: Reliability (REL) component of service quality has positive impact on customer loyalty.
- Ha3: Empathy (EMP) component of service quality has positive impact on customer loyalty.
- Ha4: Responsiveness (RES) component of service quality has positive impact on customer loyalty.
- Ha5: Assurance (ASS) component of service quality has positive impact on customer loyalty.

## 3 METHODOLOGY

### 3.1 Research Method

The study was carried out through a descriptive survey. This design was appropriate because it allows the researcher to describe the state of affairs as it exists as well as describe the characteristics of various variables to discover relationships among them. The design also allows use of a large sample making results more reliable and statistically significant. According to Mugenda and Mugenda (2009), a descriptive study ensures the observer eliminates subjectivity by administering a standard stimulus to all the respondents.

First of all, the author tried to identify the research problem based on his experience on retail industry and the summary of articles related to retail sector in Vietnam. After that, author developed research questions and research objectives to have broader view about contemporary of retail sector in Vietnam. Next, author also tried to review all literatures related to this research topic. All relevant theories and models were summarized and found the fundamental of this research. The main objectives of literature review are theories related to service quality and customer loyalty on retail industry, particularly in HCMC market. After collecting theories related to topic development, questionnaire was also conducted based on previous researches or relevant researches with similar models.

The research was divided into two steps; step 1 was the pilot test and main survey practice. To pilot test, qualitative and quantitative were conducted among small group of customers who represent all characteristics of population in HCMC. The main survey practice was conducted by emailing directly to customers or face-to-face interviewing.

### 3.2 Data Analysis and Statistical Treatment

This study yielded the needed information to identify the relationship between customer loyalty and service quality among supermarkets in HCMC, Vietnam. The following research questions and their corresponding hypothesis guided this study:

- What is the nature of relationship between service quality dimensions and customer loyalty among supermarkets in HCMC, Vietnam?
- What is the significance of each dimensions of service

quality in predicting customer loyalty among supermarkets in HCMC, Vietnam?

The questionnaires were collected, sorted, checked and edited for completeness and consistency. Responses were coded to enable grouping to various categories. Descriptive statistics i.e. frequencies, mean, standard deviation, percentages and sums were used to analyze customer perceptions on service quality and loyalty. Correlation and regressions were done to establish relationships between variables and extent to which the independent variables explain the dependent variable. Analysis was aided by use of Statistical Package for Social Sciences (SPSS). The regression model should be:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

Y: Customer Loyalty

$\beta_0$ : Constant term

$\beta_1$  to  $\beta_5$ : Coefficients

X1 to X5: Tangibility, Empathy, Reliability, Responsiveness, and Assurance

$\varepsilon$ : the error term

## 4 DATA ANALYSIS AND RESULTS

### 4.1 Reliability Analysis of Service Quality Dimensions

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Tangibility	.822	.810	4
Empathy	.868	.869	5
Reliability	.722	.708	3
Responsiveness	.765	.779	5
Assurance	.786	.792	5

Table 2. Cronbach's Alpha of Service Quality Dimensions

All the variables met customer expectations but customers' perception on honesty by the employees was highest rated on assurance and also among the 5 items used to assess service quality. The results were statistically significant ( $p < 0.05$ ) for all the components as shown by the 2 tailed significance test.

### 4.2 Exploratory Factor Analysis

Research model has 6 groups of items (variables) with 39 observed variables, affecting customer loyalty among supermarkets in HCMC, Vietnam. After testing the reliability of the scale item-groups, we conducted exploratory factor analysis (EFA) with Promax rotation to analyze 39 observed variables. Using KMO (Kaiser-Meyer-Olkin) and Bartlett's test method to measure the compatibility of the survey and the result:

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.781
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Approx. Chi-Square	2975.771
Bartlett's Test of Sphericity	df 384
Sig.	.000

Table 3. KMO and Bartlett's Test

KMO coefficient was 0.781 ( $> 0.5$ ) and sig = 0.000  $< 0.05$ , hypothesis in this analysis, "The correlation between the observed variables equal 0 in general" will be rejected, this means that the observed variables are correlated with each other in general and EFA factor analysis is appropriate.

For results of EFA are considered important and practical significance, retaining only the observed variables weighted factor  $> 0.5$ , so kindling of gradually weighted observed variables factor  $< 0.5$  then turn the analysis process. When we look in KMO and Pattern Matrix result of first EFA analysis, we see: there is no variable that has weight observed variable  $< 0.5$ .

### 4.3 Reliability Analysis of Customer Loyalty

The responses were measured on five-point Likert scales ranging from 'strongly disagree' to 'strongly agree'

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.701	.688	7

Table 4. Cronbach's Alpha of Customer Loyalty

Factor has seven items, and the alpha was 0.701, quite high. The Corrected Item-Total Correlation of each item is also achieved with values greater than 0.3, which indicates that the items form a scale that has reasonable internal consistency reliability.

Customers generally agreed with the statements indicating loyalty to the samples supermarket stores. However, they disagreed that they cannot shop in competitor supermarkets offering lower pricing. The results of this question were not statistically significant ( $p > 0.05$ ). They also indicated that the customers will complain to external parties if they experience service problems at their preferred supermarket.

### 4.4 Regression Analysis

The results of the service quality and customer loyalty were regressed to establish the relationship between service quality dimensions and customer loyalty as independent variables and as combined dimensions.

#### 4.4.1 Tangibility and Customer Loyalty

The results represent impact of tangibility and customer loyalty.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.453 <sup>a</sup>	.205	.203	.596	.002	89.880	1	382	.000

a. Predictors: (Constant), Tangibility



**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.976	1	31.976	89.880	.000 <sup>b</sup>
	Residual	382.966	382	1.003		
	Total	383.000	383			

a. Dependent Variable: Customer Loyalty  
b. Predictors: (Constant), Tangibility

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.982	.051		10.415	.000		
	Tangibility	.427	.051	.453	9.481	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty

**Table 5. Regression Results of Tangibility and Customer Loyalty**

Results show a positive relationship with customer loyalty ( $R=.453$ ). A unit change in tangibility component will result in .427 changes in customer loyalty. Tangibility explains 20.5% of customer loyalty. The results are statistically significant ( $p<0.05$ ) and collinearity is not present (Tolerance > 0.1 and VIF <10). With respect to the relationship between initiating structure and employee engagement, the Multiple Regression Analysis results in table 5 indicated that tangibility had a statistically significant effect on customer loyalty, with a  $p$ -Value of .000. Therefore,  $H_1$  was accepted.

#### 4.4.2 Empathy and Customer Loyalty

The results here indicate how the caring, individualized attention the organization provides its customers impacts on customer loyalty as well as the relationship between the two variables.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.456 <sup>a</sup>	.208	.206	1.001	.002	90.227	1	382	.000

a. Predictors: (Constant), Empathy

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.687	1	31.687	90.227	.000 <sup>b</sup>
	Residual	120.459	382	.351		
	Total	152.146	383			

a. Dependent Variable: Customer Loyalty  
b. Predictors: (Constant), Empathy

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.305	.157		14.689	.000		
	Empathy	.357	.038	.456	9.499	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty

**Table 6. Regression Results of Empathy and Customer Loyalty**

Empathy and Customer loyalty has a positive relationship ( $R = 0.456$ ). A unit change in empathy component will lead to .357 changes in customer loyalty and explains 20.8% of customer loyalty when analyzed independently from other predictors. The results are statistically significant ( $p<0.05$ ) and collinearity is not positive (Tolerance > 0.1 and VIF <10). With

respect to the relationship between initiating structure and employee engagement, the Multiple Regression Analysis results in table 6 indicated that empathy had a statistically significant effect on customer loyalty, with a  $p$ -Value of .000. Therefore,  $H_2$  was accepted.

#### 4.4.3 Reliability and Customer loyalty

Results below explain the relationship between company's ability to fulfill its commitments dependably and accurately and customer loyalty as well as the prediction power of reliability to customer loyalty.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.468 <sup>a</sup>	.219	.217	.572	.002	96.612	1	382	.000

a. Predictors: (Constant), Reliability

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.655	1	31.655	96.612	.000 <sup>b</sup>
	Residual	112.714	382	.382		
	Total	144.369	383			

a. Dependent Variable: Customer Loyalty  
b. Predictors: (Constant), Reliability

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.264	.156		14.486	.000		
	Reliability	.376	.038	.468	9.829	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty

**Table 7. Regression Results of Reliability and Customer Loyalty**

Reliability is positively related to customer loyalty ( $R = .468$ ). Interpreted independently from other determinants of service quality, Reliability explains 21.9% of customer loyalty and a unit change in reliability will lead to .376 changes in customer loyalty. The results are statistically significant ( $p<0.05$ ) and collinearity is not positive (Tolerance > 0.1 and VIF <10). With respect to the relationship between initiating structure and employee engagement, the Multiple Regression Analysis results in table 7 indicated that reliability had a statistically significant effect on customer loyalty, with a  $p$ -Value of .000. Therefore,  $H_3$  was accepted.

#### 4.4.4 Responsiveness and Customer Loyalty

Responsiveness is willingness and readiness to carry out the service punctually and quickly or being available for the customer when he needs assistance. The relationship between responsiveness and customer loyalty as well as its prediction powers are explained below.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.423 <sup>a</sup>	.179	.176	.919	.005	75.128	1	382	.000

a. Predictors: (Constant), Responsiveness

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.944	1	27.944	75.128	.000 <sup>a</sup>
	Residual	128.324	382	.372		
	Total	156.267	383			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Responsiveness

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.425	.158		15.352	.000		
Responsiveness	.320	.037	.423	8.668	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty

Table 8. Regression Results of Responsiveness and Customer Loyalty

Responsiveness of employees and customer loyalty positive relationship with customer loyalty ( $R = .423$ ) and explains 17.9% of customer loyalty when evaluated independently. A unit change in responsiveness will lead to .320 changes in customer loyalty. With respect to the relationship between initiating structure and employee engagement, the Multiple Regression Analysis results in table 8 indicated that Responsiveness had a statistically significant effect on customer loyalty, with a  $p$ -Value of .000. Therefore,  $H_4$  was accepted.

#### 4.4.5 Assurance and Customer Loyalty

The results below explain the impact of employees' knowledge and competence and their ability to inspire confidence and trust in dealing with customers on customer loyalty as well as the relationship between the two variables.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.443 <sup>a</sup>	.196	.194	.593	.002	80.727	1	382	.000

a. Predictors: (Constant), Assurance

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.459	1	28.459	80.727
	Residual	116.689	382	.353	
	Total	145.148	383		

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Assurance

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.244	.172		13.062	.000		
Assurance	.366	.041	.443	8.985	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty

Table 9. Regression Results of Assurance and Customer Loyalty

Assurance and customer loyalty are positively related ( $R = .443$ ) and unit change in assurance will lead to .366 change in customer loyalty. Assurance explains 19.6% in customer loyalty. The results are statistically significant ( $p < 0.05$ ) and collinearity is not positive (Tolerance  $> 0.1$  and VIF  $< 10$ ). With respect to the relationship between initiating structure and employee engagement, the Multiple Regression Analysis results in table 9 indicated that Assurance had a statistically significant effect on customer loyalty, with a  $p$ -Value of .000. There-

fore,  $H_5$  was accepted.

#### 4.4.6 Combined Dimensions and Customer loyalty.

All the five service quality dimensions are regressed against the dependent variable to determine their relationship as well as the significance of prediction power.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.527 <sup>a</sup>	.278	.266	.556	.022	23.285	1	382	.000

a. Predictors: (Constant), Assurance, Reliability, Empathy, Tangibility, Customer Loyalty

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.007	1	7.201	23.285
	Residual	93.402	382	.309	
	Total	129.409	383		

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Assurance, Reliability, Empathy, Tangibility, Customer Loyalty

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.577	.210		7.519	.000		
Tangibility	.175	.067	.185	2.591	.010	.471	2.125
Empathy	.089	.057	.116	1.576	.116	.443	2.256
Customer Loyalty	.091	.068	.111	1.324	.187	.339	2.946
Reliability	.096	.052	.091	1.320	.188	.500	2.001
Assurance	.103	.064	.064	1.608	.109	.414	2.414

a. Dependent Variable: Customer Loyalty

Table 10. Regression Results of Combined Service Quality Dimensions and Customer Loyalty

Interpreted on a combined table, Service quality has a positive relationship with customer loyalty ( $R = .527$ ). The five dimensions explain 27.8% of variation in customer loyalty ( $R^2 = 27.8\%$ ) with other factors outside the model explaining the difference. With a constant of 1.577, denotes that when all the dimensions are at zero presence, customer loyalty will be at 1.577 levels (Table 10). Tangibility is the most significant factor in predicting customer loyalty for supermarkets in HCMC. The independent variables were tested for multicollinearity and found not related (Variance inflation factors are below 10 and tolerance levels greater than 0.1). The values were all statistically significant ( $p < 0.05$ )

Regression equation is as below:

$$Y = 1.577 + 0.175X_1 + 0.089X_2 + 0.091X_3 + 0.069X_4 + 0.103X_5$$

$X_1, X_2, X_3, X_4, X_5$  representing Tangibility, Empathy, Reliability, Responsiveness and Assurance respectively. Tangibility has a coefficient of .175 or a unit change in tangibility component will lead to .175 changes in customer loyalty. This is followed by assurance ( $\beta = .103$ ), Reliability ( $\beta = .091$ ), Empathy ( $\beta = .089$ ), and responsiveness ( $\beta = .069$ ).

## 5 CONCLUSION

### 5.1 Summary of the Findings

The results of the study indicate that the supermarkets have an understanding of the elements of service quality that customers consciously use to evaluate perceived service quality. Consequently most have put in place necessary infrastructure and personnel to ensure they meet the customers' expectations. The results for service quality indicated that service quality perceptions just met customer expectations. Customers rated the all the five dimensions of service quality i.e. Tangibles, Empathy, Reliability, Responsiveness and Assurance almost the same confirming that the fact that service quality is a multidimensional construct and all the elements must be present for a customer to experience positive perception on service offered.

The study also conducted an assessment of the level of customer loyalty among the supermarkets based on seven elements that were considered necessary for customers to evaluate their loyalty to the supermarket and backed up by empirical studies. The findings indicate that most customers agreed to make repeat visits to the supermarkets as well as recommend their close associates to shop in that supermarket. Interestingly, customers did not agree that they will not shift to competitors with better prices and will not complain to external parties in case of a problem with the supermarket.

To connect service quality and customer loyalty in a supermarket context, a regression analysis was done. The results indicated a positive association between the service quality dimensions and customer loyalty. Reliability dimension had the highest explanatory power on customer loyalty followed by empathy, tangibility, assurance and responsiveness in that order when analyzed independently. The findings indicate that 38 customers are more interested in error free services, fulfillment of promises made by the supermarkets and sincere effort to solve their problems that may experience during their shopping sessions in order to remain loyal to these supermarkets. The combined analysis of all the service quality dimensions indicates tangibility as a more significant predictor of service quality when all other determinants are held constant while responsiveness is least significant.

### 5.2 Research Limitations and Future Research Directions

This study only focused on the supermarkets with market share leadership in HCMC due to time and financial constraints. Some respondents also declined to respond to questionnaires while others were afraid of providing the researchers with their personal information such income levels, level of education and marital status despite explanation that the data was needed for academic purposes only.

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