

# The effect of supermarket service quality dimensions and customer satisfaction on customer loyalty and disloyalty dimensions

Service quality  
dimensions

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## Abstract

**Purpose** – This paper aims to examine the effect of service quality dimensions and customer satisfaction on customer repurchase intention, word-of-mouth, complaining behaviour and price sensitivity, as well as the effect of service quality dimensions on customer satisfaction.

**Design/methodology/approach** – A public intercept survey collected data from 480 supermarket customers. Statistical package for the social sciences was used to provide descriptive and inferential analysis.

**Findings** – Results reveal the predominance and magnitude of effect of empathy positively on customer satisfaction, customer repurchase intention and word-of-mouth, and negatively on customer complaining behaviour and price sensitivity. Customer satisfaction also significantly affects these customer loyalty and disloyalty dimensions.

**Research limitations/implications** – This research was conducted in the supermarket sector of only one country.

**Practical implications** – Insights have been provided to increase customer satisfaction and customer loyalty outcomes, and negate customer disloyalty outcomes, in the supermarket sector.

**Originality/value** – This study provides suggestions to supermarket executives regarding the significance of empathetic, customer-oriented behaviour by front-line supermarket service employees.

**Keywords** Service quality, Customer satisfaction, Customer loyalty, Empathy, Repurchase intention, Word-of-mouth, Complaining behaviour, Price sensitivity

**Paper type** Research paper

## Introduction

The global supermarket sector was valued at US\$8.77tn in 2015 and has shown consistent growth in recent years, and these trends are predicted to continue into the foreseeable future (Grand View Research, 2017). Driving this growth is the increasing disposable income of shoppers that are enabled by technology to shop for whatever, wherever and whenever, and are clearly in the driver's seat (Lissitsa and Kol, 2016). These market conditions have rewritten the rules of retailing, disrupted traditional business models and necessitated unparalleled transformative change, to better serve more demanding customers and provide



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an invigorated shopping experience (Lissitsa and Kol, 2016; Malhotra *et al.*, 2017). The enormity and speed of these changes challenge retailer's growth and profitability, with those retailers unable to cope at risk of losing customers and market share to retailers that can adapt to the fast-changing consumer needs (Lissitsa and Kol, 2016; Zhuang *et al.*, 2018).

Now considering supermarket sector sales through e-commerce channels have jumped by 30% in the past couple of years, supermarkets must implement strategies to transition from traditional brick-and-mortar stores to combining bricks and clicks (Hernant and Rosengren, 2017). Be that as it may, "physical retail stores are not going away" (Deloitte Touche Tohmatsu Limited, 2018, p.6) because "90% of worldwide retail sales are still done in physical stores" (eMarketer, 2017). However, to compete with the convenience of online shopping, supermarkets must also transition from providers of goods to suppliers of unique merchandise offers and service quality beyond what customers can find online, in a unique in-store experience (Hernant and Rosengren, 2017). Service quality is paramount because it influences customer satisfaction and loyalty and retailer profitability (Seth *et al.*, 2005).

The motivation for this research is the existing gaps in the literature and the desire to close those gaps through theoretical and practical contributions. Several studies relating to the interrelationship between service quality and customer loyalty in the supermarket sector of developed and developing countries have been conducted (Kitapci *et al.*, 2013; Ladhari, 2009; Su *et al.*, 2016a). However, research of the supermarket sector of small island developing states (SIDS), such as Fiji, that investigate the context-specific interrelationship between the constructs service quality, customer loyalty and disloyalty, and their dimensions remains understudied. Theory building literature have highlighted the importance of testing instruments and models in different country context to enhance generalizability of findings (Sharma *et al.*, 2020). With majority of the research conducted in this area focused on developed countries, the unique cultural background of individuals in Fiji that are high in collectivism together low levels of risk aversion provides interesting insights into customer behavior (Sharma *et al.*, 2020).

Also, other gaps in marketing literature still exist (Bloemer *et al.*, 1999; Jamal and Anastasiadou, 2007). Significant research has reported a causal link between service quality and customer satisfaction (Chiou and Droge, 2006; Jayankaraprasad and Kumar, 2012; Kitapci *et al.*, 2013), but only limited studies have been conducted to show the link between each of the service quality dimensions and satisfaction, and these studies have found mixed results (Lassar *et al.*, 2000; Arasli *et al.*, 2005). For example, Mengi (2009) found that only the service quality dimensions responsiveness and assurance are significantly related to customer satisfaction (Mengi, 2009), and in contrast, Zaim *et al.* (2010) found that only tangibles, reliability and empathy are significantly related to customer satisfaction.

Research findings have also identified that the dimensions of service quality are antecedents of customer satisfaction (Lau *et al.*, 2013), and that responsiveness and assurance (Mengi, 2009), as well as tangibles, reliability and empathy (Zaim *et al.*, 2010), are significantly related to customer satisfaction. In contrast, other studies have found that empathy, followed by assurance and tangibles, were positively correlated with customer satisfaction (Siddiqi, 2011). Furthermore, several researchers argue that customer satisfaction drives loyalty (Casidy and Wymer, 2015; Kasiri *et al.*, 2017; Srivastava and Kaul, 2016; Su *et al.*, 2016b), and more specifically behavioural and attitudinal loyalty (Schijns *et al.*, 2016). Notwithstanding, other researchers (Chandrashekar *et al.*, 2007; Harris and Goode, 2004) argue that prior research studies have failed to conclusively explain the complicated relationship between customer satisfaction and customer loyalty and disloyalty dimensions. Finally, to the best of our knowledge, we are unaware of any studies on the

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effect of service quality dimensions on customer satisfaction and customer loyalty and disloyalty dimensions in the supermarket sector of SIDS such as Fiji.

This study is significant because it contributes to the scant service and marketing literature of the supermarket sector in SIDS by explaining the context specific interrelationships between dimensions of the constructs service quality, customer loyalty and disloyalty; the relationships between service quality dimensions and customer satisfaction; and customer satisfaction and customer loyalty and disloyalty dimensions. The context-specific nature of this study is intended to enable SIDS supermarket management and marketers to better understand these complex phenomena to develop targeted strategies to enhance service quality, customer satisfaction and customer loyalty while mitigating customer disloyalty. The remainder of the paper includes a literature review and hypotheses development, methodology, results and discussion and conclusions sections.

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## Literature review and hypotheses development

### *Service quality*

In spite of the evident importance and extensive research undertaken of service quality (Kaura *et al.*, 2015), academics concur that defining and measuring service quality remains problematic because of its inherent peculiarities and inconsistent conceptualisation (Buttle, 1996; Philip and Hazlett, 1997). Based on the various definitions and conceptualisations of service quality, researchers have proposed a range of dimensions and differing numbers of items (Parasuraman *et al.*, 1988; Grönroos, 1990) that form the basis of scales for measurement of service quality. Two such scales for measuring service quality are the gap-models, such as the SERVQUAL (Parasuraman *et al.*, 1988), and performance-based models, such as the SERVPERF (Cronin and Taylor, 1992). The SERVQUAL model consists of five dimensions (responsiveness, assurance, tangibles, empathy, and reliability), 22 items to measure customer expectations of service (“expectations”) and a corresponding set of 22 items to measure customer perceptions of service provided (“perceptions”) measured on a seven-point Likert scale. Service quality is calculated as the expectations-performance difference (“gap”) between each of the 22 corresponding expectation and perception items (Parasuraman *et al.*, 1988). The SERPERF is derived from the SERVQUAL model uses the same five dimensions but only the 22 items to measure customer perceptions (Cronin and Taylor, 1992).

Some criticisms of the SERVQUAL model suggest the need for respondents to simultaneously report their expectations and perceptions in one sitting ex-post (Grönroos, 1993) could result in respondent boredom and confusion (Buttle, 1996) and biased expectation responses because expectations should be measured before the service experience (Kahneman and Miller, 1986); limited evidence exists that customers assess service quality based on a gap between expectations and perceptions (Buttle, 1996); and the use of expectations does not contribute to the measurement of service quality (Babakus and Mangold, 1992). Hence, for this study, a modified SERVPERF model is preferred for use by the researchers considering also that it is argued that service quality is only influenced by perceptions of service quality performance (Boulding *et al.*, 1993; Cronin and Taylor, 1992), and that performance-only models are suggested to be superior to the expectations–performance gap models in measuring service quality (Bolton and Drew, 1991).

### *Effect of service quality on customer satisfaction*

In this study, service quality is suggested to constitute delivery of services to customers, while customer satisfaction is customers’ experiences of services received (Malik, 2012). In extant literature, it is generally accepted that service quality is an antecedent

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(Chiou and Droge, 2006; Jayasankaraprasad and Kumar, 2012; Kitapci *et al.*, 2013) and determinant (Falk *et al.*, 2010) of customer satisfaction, and that service quality positively affects customer satisfaction (Kim and Kim, 2016; Srivastava and Rai, 2014; Su *et al.*, 2016b). Research findings have also identified that the dimensions of service quality are antecedents of customer satisfaction (Lau *et al.*, 2013), and that responsiveness and assurance (Mengi, 2009), as well as tangibles, reliability and empathy (Zaim *et al.*, 2010), are significantly related to customer satisfaction. In contrast, other studies have found that empathy, followed by assurance and tangibles, is positively correlated with customer satisfaction (Siddiqi, 2011).

Because prior research findings of disparate business sectors appear to be contradictory in terms of the individual service quality dimensions that affect customer satisfaction, this study opted to suggest at least one of the service quality dimensions (as opposed to all the service quality dimensions) has a significant effect on customer satisfaction. Based on the literature review, the following hypotheses are presented:

*H1a.* Reliability has significant and positive influence on customer satisfaction.

*H1b.* Assurance has significant and positive influence on customer satisfaction.

*H1c.* Tangibles has significant and positive influence on customer satisfaction.

*H1d.* Empathy has significant and positive influence on customer satisfaction.

*H1e.* Responsiveness has significant and positive influence on customer satisfaction.

#### *Effect of service quality on customer loyalty and disloyalty*

Customer loyalty is suggested to consist of two distinct dimensions, namely, attitudinal loyalty (willingness to recommend the service to others) and behavioural loyalty (repeat purchases) (Kyle *et al.*, 2010), and is the output of positive service experience (Zeithaml *et al.*, 1996). Conversely, the output of a negative service experience is customer disloyalty (price sensitivity and complaining behaviour) (Singh, 1991). Some researchers argue that service quality leads to customer loyalty (Dick and Basu, 1994; Gremler and Brown, 1996; Ladhari, 2009). Researchers (Boulding *et al.*, 1993; Ladhari, 2009; Zeithaml *et al.*, 1990) have also identified a positive relationship between service quality and customer loyalty (repurchase intentions and willingness to recommend), while researchers (Kelley *et al.*, 1993; Zeithaml *et al.*, 1996) argue that service quality is negatively related to customer disloyalty (price sensitivity, switching and complaining behaviour). Findings also exist in terms of the relationships between the five service quality dimensions and customer loyalty and disloyalty (Bloemer *et al.*, 1999). Researchers (Becker *et al.*, 1997; Parasuraman *et al.*, 1988; Zeithaml *et al.*, 1990) argue that reliability is the most important service quality dimension relating to customer loyalty, whereas tangibles are the least critical.

Notwithstanding, it is suggested that prior research findings of disparate business sectors appear to be contradictory and unable to conclusively explain the complicated relationships between the service quality dimensions and customer loyalty and disloyalty dimensions. For example, Ren and Lam (2016) found that reliability and assurance encourage positive word-of-mouth, while Ioannis and Lymperopoulos (2009) found a positive impact of empathy on word-of-mouth, and Bloemer *et al.* (1999) argue that responsiveness and tangibles positively affect word-of-mouth. Also, several researchers (Kotler, 2003; Murray and Howat, 2002; Patterson and Spreng, 1997; Theodorakis *et al.*, 2001) suggest that reliability is the most important service quality determinant of repurchase intentions; however, in contrast, Lee *et al.* (2010) suggest that tangibles are the

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most important dimension of service quality in predicting repurchase intentions. Finally, [Bloemer et al. \(1999, p. 1098\)](#) state: Service quality dimensions

Furthermore, it can be noticed that price sensitivity is positively influenced by empathy [. . .] One respondent remarked in the interviews I'd rather pay a little bit extra if the products and employees are better and no significant relationship exists between service quality dimensions and complaining behaviour. The cited research findings of [Bloemer et al. \(1999\)](#) appear to concur with findings that argue service quality is negatively related to price sensitivity, and appear to contradict findings that service quality is negatively related to complaining behaviour ([Kelley et al., 1993](#); [Zeithaml et al., 1996](#)).

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Hence, our hypotheses are as follows:

- H2a.* Reliability has significant and positive influence on customer's repurchase intention.
- H2b.* Assurance has significant and positive influence on customer's repurchase intention.
- H2c.* Tangibles has significant and positive influence on customer's repurchase intention.
- H2d.* Empathy has significant and positive influence on customer's repurchase intention.
- H2e.* Responsiveness has significant and positive influence on customer's repurchase intention.
- H3a.* Reliability has significant and positive influence on positive word-of-mouth.
- H3b.* Assurance has significant and positive influence on positive word-of-mouth.
- H3c.* Tangibles has significant and positive influence on positive word-of-mouth.
- H3d.* Empathy has significant and positive influence on positive word-of-mouth.
- H3e.* Responsiveness has significant and positive influence on positive word-of-mouth intention.
- H4a.* Reliability has significant and negative influence on customer's complaining behaviour.
- H4b.* Assurance has significant and negative influence on customer complaining behaviour.
- H4c.* Tangibles has significant and negative influence on customer complaining behaviour.
- H4d.* Empathy has significant and negative influence on customer complaining behaviour.
- H4e.* Responsiveness has significant and negative influence on customer complaining behaviour.
- H5a.* Reliability has significant and negative influence on customer's price sensitivity.
- H5b.* Assurance has significant and negative influence on customer's price sensitivity.
- H5c.* Tangibles has significant and negative influence on customer's price sensitivity.

- H5d.* Empathy has significant and negative influence on customer's complaining behaviour.
- H5e.* Responsiveness has significant and negative influence on customer's price sensitivity

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#### *Effect of customer satisfaction on customer loyalty and disloyalty*

Several researchers argue that customer satisfaction drives loyalty (Casidy and Wymer, 2015; Kasiri *et al.*, 2017; Srivastava and Kaul, 2016; Su *et al.*, 2016b) and, more specifically, behavioural and attitudinal loyalty (Schijns *et al.*, 2016). A positive linkage between customer satisfaction and repurchase intentions (Kasiri *et al.*, 2017; Murray and Howat, 2002;), and between customer satisfaction and positive word-of-mouth (Kasiri *et al.*, 2017; Pedragosa and Correia, 2009) is also argued. Additionally, Chen and Wang (2009) suggest that satisfied customers are more likely to become loyal customers, repurchase, provide positive word-of-mouth and reduce their price sensitivity, whereas Singh (1988) and Maute and Forrester (1993) opine that customer dissatisfaction is likely to lead to customer complaints.

Therefore, the related hypotheses are as follows:

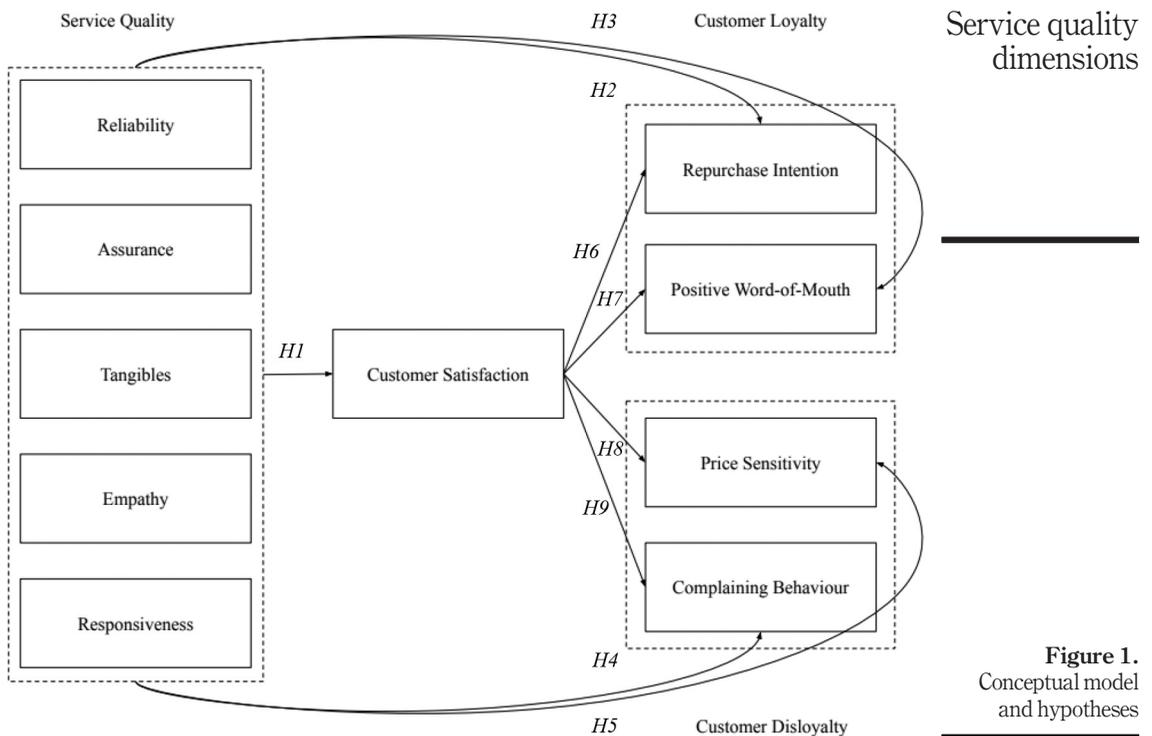
- H6.* Customer satisfaction has a significant positive effect on (increases) customer repurchase intention.
- H7.* Customer satisfaction has a significant positive effect on (increases) customer positive word-of-mouth.
- H8.* Customer satisfaction has a significant positive effect on (reduces) customer price sensitivity.
- H9.* Customer satisfaction has a significant positive effect on (reduces) customer complaining behaviour.

Based on the review of extant literature provided, the following conceptual model is hypothesised (Figure 1).

### **Research methodology**

#### *Questionnaire design*

The questionnaire consists of four parts and 42 items. The first part includes 11 items to determine respondents' demographics. The second part uses the 22-item SERPERF model (Cronin and Taylor, 1992) with the wordings of items adapted to suit the supermarket setting and consisting of five dimensions (reliability, assurance, tangibles, empathy and responsiveness) to measure perceived service quality. The third part includes three items adapted from Rust and Oliver (1994, p.73), to measure the "cognitive and affective reactions of customers to a service incident" (i.e. customer satisfaction). The fourth part includes four dimensions and six items to measure customer loyalty and disloyalty – two items were adapted from Aydin and Ozer (2005) and Zeithaml *et al.* (1996) to measure two positive outcomes of service experience (customer loyalty), namely, attitudinal dimension ("positive word-of-mouth") and the behavioural dimension ("repurchase intention") (Santouridis and Trivellas, 2010); and four items were adapted from Zeithaml *et al.* (1996) to measure two negative outcomes of service experience (customer disloyalty), namely, price sensitivity and



**Figure 1.** Conceptual model and hypotheses

complaining behaviour. All parts of the questionnaire excluding the demographics were measured with a five-point Likert scale ranging from 1 (= strongly disagree) to 5 (= strongly agree). A five-point Likert scale was opted for in this research, as opposed to the seven-point Likert scale proposed by the creators of the SERVPERF instrument (Cronin and Taylor, 1992) on the grounds as stated by Babakus and Mangold (1992) that respondent “frustration level” would be reduced, and response rate and response quality would be increased.

#### *Sampling procedure and research participants*

A public intercept survey method utilising a questionnaire was the preferred method adopted to collect data from supermarket customers in four urban areas of Fiji (Labasa, Lautoka, Nadi, and Suva) from December 2015 to January 2016, as the questionnaire enabled a large amount of information to be sourced in a short time, data sourced from the questionnaires to be readily quantified and hypotheses tested (Ackroyd and Hughes, 1981). Supermarket customers were intercepted when they were exiting a supermarket. Out of 1,021 supermarket customers intercepted, 480 completed the questionnaire. This represents a response rate of 47% and is in line with survey research literature findings that confirm response rates for intercept surveys rarely exceed 50% (Denstadli, 2000).

From a total of 480 respondents, the sample predominantly contained respondents in the age brackets 31–40 years ( $n = 158, 32.9\%$ ) and 21–30 years ( $n = 148, 30.8\%$ ). More females ( $n = 256, 53.3\%$ ) than males ( $n = 224, 46.7\%$ ), more married ( $n = 356, 74.2\%$ ) than single ( $n = 124, 25.8\%$ ) and more Fijians of Indian descent ( $n = 258, 53.8\%$ ) than I-Taukei ( $n = 222, 46.2\%$ ) were represented in the sample. The levels of education of respondents were mainly

secondary level ( $n = 257, 53.5\%$ ) and tertiary level ( $n = 202, 42.1\%$ ). The majority of respondents listed their job status as non-executives ( $n = 336, 70.0\%$ ) and gross annual income per annum as ranging from Fiji\$10,001–\$20,000 ( $n = 318, 66.3\%$ ). Overwhelmingly, the majority of respondents confirmed they purchase grocery items from a supermarket ( $n = 411, 85.6\%$ ) as opposed to a corner shop ( $n = 45, 9.4\%$ ) or a market ( $n = 24, 5.0\%$ ). Frequency of grocery item purchases was primarily weekly ( $n = 306, 63.8\%$ ) followed by daily ( $n = 174, 36.3\%$ ) and spend per annum by respondents on grocery items was mainly Fiji\$5,001–\$10,000 (50.6%). The main modes of transport used by respondents to pick up and take-home grocery items was by taxi ( $n = 241, 50.2\%$ ) and car ( $n = 138, 28.8\%$ ).

## Results and discussion

Statistical Package for the Social Sciences version 25 was used to analyse the data. Descriptive and inferential statistics were calculated, and conclusions are drawn from the data analysis.

### *Reliability*

Cronbach's alpha value for the modified SERVPERF survey instrument comprising 42 items was 0.947. Table 1 shows Cronbach's alpha coefficients for each variable range between 0.948 and 0.762. It is suggested that the questionnaire has a good degree of internal consistency, as the alpha values were generally around or above 0.800 (Hair *et al.*, 2006). Table 1 also shows that Cronbach's alpha if item deleted range between 0.761 and 0.980 for each variable, and 0.687 and 0.942 for all items. Results suggest that the modified SERVPERF survey instrument adopted in this research can be considered a reliable measure of supermarket customer's perceptions of service quality, customer satisfaction, loyalty, and disloyalty.

Confirmatory factor analysis was conducted with the sample. Table 2 shows the standardized maximum likelihood loading and fit statistics, composite reliability (CR) values  $\geq 0.79$ , and the average variance extracted (AVE) values  $\geq 0.512$ . All these values indicate adequate reliability.

Exploratory factor analysis (EFA) was conducted using principal components analysis and varimax rotation. Responses were defined with an eigenvalue greater than or equal to one as being interpretable factors. Through EFA, Table 3 shows eight factors that were found that collectively explain 67.366% of the total variance.

### *Descriptive statistics and control variables*

Table 1 also shows that customers scored highest for the following statements: "supermarket operating hours are convenient to customers" ( $M = 4.27$ ), "based on my overall experience with supermarkets, I am very satisfied" ( $M = 4.26$ ), "I intend to continue purchasing from supermarkets" ( $M = 4.25$ ), and "supermarket employees provide customers individual service" ( $M = 4.25$ ). Conversely, customers scored lowest for the following statements: "supermarkets provide right service at all times" ( $M = 2.42$ ), "supermarkets provide promised products at all times" ( $M = 2.42$ ), "supermarkets use modern equipment" ( $M = 2.42$ ), and "supermarket employees always desire to assist customers" ( $M = 2.42$ ). Additionally, Table 1 shows that standard deviation (SD) values for the statements range from 0.449 to 0.960 and suggest a wide range of opinions of supermarket customers exist. These results suggest that inconsistent service quality may be provided by supermarkets and their contact staff to their customers. Although service quality is important in terms of customer satisfaction and loyalty, consistency of service quality is equally important (Coetzee *et al.*, 2013). Hence, it is suggested that supermarket management focusses on

Constructs, dimensions and items	Mean	SD	Cronbach's alpha	Cronbach's alpha if item deleted	Service quality dimensions
Service Quality	3.29	0.582		0.943	
<i>Reliability</i>	2.96	0.634	0.858	0.959	
Promises given by supermarket employees to customers are met within agreed timeframe	3.77	0.918		0.939	
Supermarket employees show genuine interest in solving customer problems	3.74	0.781		0.839	
Supermarkets provide right service at all times	2.42	0.61		0.834	
Supermarkets provide promised products at all times	2.42	0.618		0.777	
Supermarkets provide accurate records of all purchases	2.45	0.621		0.793	
<i>Assurance</i>	3.29	0.421	0.844	0.836	
Customers are confident in supermarket employees' behaviour	3.43	0.481		0.726	
Customers feel confident in their transactions with supermarket employees	3.17	0.449		0.737	
Supermarket employees are polite to customers	3.28	0.482		0.739	
Supermarket employees have sufficient knowledge to answer customers' questions	3.31	0.462		0.781	
<i>Tangibles</i>	3.44	0.737	0.948	0.972	
Supermarkets use modern equipment	2.42	0.631		0.834	
Interior of supermarkets is visually appealing	3.74	0.805		0.847	
Supermarket employees are neat and well dressed	3.84	0.897		0.876	
Supermarkets are clean and products are easy to locate	3.74	0.906		0.942	
<i>Empathy</i>	3.34	0.548	0.907	0.898	
Supermarket employees provide customers individual attention	4.25	0.543		0.761	
Supermarket operating hours are convenient to customers	4.27	0.604		0.747	
Supermarket customers receive personalised service from employees	2.51	0.737		0.793	
The priority of supermarket employees is to satisfy customer needs	3.23	0.550		0.685	
Supermarket employees understand customers' specific needs	2.44	0.678		0.887	
<i>Responsiveness</i>	3.43	0.741	0.900	0.971	
Supermarket employees always provide customers with information requested	3.64	0.811		0.847	
Supermarket employees always provide prompt service to customers	3.84	0.900		0.942	
Supermarket employees are always desiring to assist customers	2.42	0.630		0.834	
Supermarket employees are always available to respond to customer inquiries	3.83	0.927		0.860	
Customer Satisfaction	3.31	0.541	0.820	0.896	
Based on my overall experience with supermarkets, I am very satisfied	4.26	0.604		0.747	
The shopping experience provided by supermarkets is above my expectations	2.44	0.678		0.887	
I am happy to shop in supermarkets	3.23	0.558		0.687	

**Table 1.**  
(continued) Descriptive statistics

Constructs, dimensions and items	Mean	SD	Cronbach's alpha	Cronbach's alpha if item deleted
Customer Loyalty	3.39	0.591		0.858
<i>Repurchase Intention</i>	4.25	0.543	0.762	0.761
I intend to continue purchasing from supermarkets	4.25	0.543		0.761
<i>Word-of-Mouth</i>	2.52	0.737	0.794	0.793
I recommend to my family and friends to purchase from supermarkets	2.52	0.737		0.793
Customer Disloyalty	3.38	0.621		0.950
<i>Price Sensitivity</i>	3.06	0.710	0.893	0.906
I will take some of my business to a competitor that offers more attractive prices	3.35	0.960		0.927
I will pay a higher price at a supermarket than at a competitor, because of the benefits I currently receive at a supermarket	2.77	0.558		0.723
<i>Complaining Behaviour</i>	3.70	0.546	0.863	0.980
I will switch to a competitor if I experience a problem with supermarket service	3.69	0.541		0.909
I will complain to supermarket employees and other supermarket customers if I experience a problem with supermarket service	3.71	0.582		0.908

Table 1.

ensuring supermarkets and their employees consistently deliver an acceptable level of service quality to customers.

The influence of control variables on the endogenous variables was examined. Based on the two-tailed test, all the  $t$ -values of the control variables were not significant at  $p < 0.05$  level. As such, we concluded that the control variables did not have any statistical significance on any of the endogenous variables (Bernerth and Aguinis, 2016).

#### *Bivariate correlations*

Significant, moderate/strong, positive Pearson correlations exist between all service quality dimensions and customer satisfaction ( $r = 0.721$  to  $0.984$ ,  $p < 0.01$ ) and between all the service quality dimensions and customer loyalty dimensions ( $r = 0.607$  to  $0.900$ ,  $p < 0.01$ ). Significant, moderate/strong, negative correlations exist between the service quality dimensions and customer disloyalty dimensions ( $r = -0.741$  to  $-0.961$ ,  $p < 0.01$ ). Additionally, significant, strong, positive correlations exist between customer satisfaction and the customer loyalty dimensions ( $r = 0.822$  to  $0.869$ ,  $p < 0.01$ ), while significant, strong, negative correlations exist between customer satisfaction and the customer disloyalty dimensions ( $r = -0.956$  to  $-0.970$ ,  $p < 0.01$ ) (Table 4).

#### *Inferential statistics*

Tables 5 and 6 show the simple and multiple linear regression results.

*Service quality dimensions' effect on customer satisfaction (H1) – Model 1.* Empathy ( $t(477) = 67.995$ ,  $p < 0.05$ ) and responsiveness ( $t(477) = 4.709$ ,  $p < 0.05$ ) significantly positively affect (increase) customer satisfaction, account for 93.3% of the variance in customer satisfaction, and from the magnitude of the  $t$ -statistics empathy had considerably more increasing effect than responsiveness on customer satisfaction. Reliability ( $p = 0.340$ ) assurance ( $p = 0.876$ ) and tangibles ( $p = 0.063$ ) did not significantly affect customer satisfaction. The results support H1 as at least one of the service quality dimensions

Service quality dimensions

Factor and item description	Model and item indices				
	SL	CR	SMC	AVE	MSV
<i>Reliability</i>					
Promises given by supermarket employees to customers are met within agreed timeframe	0.930		0.864		
Supermarket employees show genuine interest in solving customer problems	0.894		0.800		
Supermarkets provide right service at all times	0.304		0.092		
Supermarkets provide promised products at all times	0.372	0.819	0.138	0.512	0.235
Supermarkets provide accurate records of all purchases	0.811		0.657		
<i>Assurance</i>					
Customers are confident in supermarket employees' behaviour	0.886		0.786		
Customers feel confident in their transactions with supermarket employees	0.934		0.873		
Supermarket employees are polite to customers	0.834		0.696		
Supermarket employees have sufficient knowledge to answer customers' questions	0.673	0.903	0.453	0.701	0.649
<i>Tangibles</i>					
Supermarkets use modern equipment	0.732		0.537		
Interior of supermarkets is visually appealing	0.805		0.649		
Supermarket employees are neat and well dressed	0.826		0.682		
Supermarkets are clean and products are easy to locate	0.848	0.880	0.718	0.647	0.606
<i>Empathy</i>					
Supermarket employees provide customers individual attention	0.644		0.415		
Supermarket operating hours are convenient to customers	0.863		0.744		
Supermarket customers receive personalised service from employees	0.918		0.843		0.256
The priority of supermarket employees is to satisfy customer needs	0.911		0.829		
Supermarket employees understand customers' specific needs	0.823	0.921	0.677	0.702	
<i>Responsiveness</i>					
Supermarket employees always provide customers with information requested	0.740		0.547		
Supermarket employees always provide prompt service to customers	0.776		0.603		
Supermarket employees are always desiring to assist customers	0.840		0.706		
Supermarket employees are always available to respond to customer inquiries	0.761	0.862	0.579	0.609	0.606
<i>Customer satisfaction</i>					
Based on my overall experience with supermarkets, I am very satisfied	0.754		0.568		
The shopping experience provided by supermarkets is above my expectations	0.762		0.581		
I am happy to shop in supermarkets	0.735	0.795	0.541	0.563	0.452
<i>Price sensitivity</i>					
I will take some of my business to a competitor that offers more attractive prices	0.862		0.744		
I will pay a higher price at a supermarket than at a competitor, because of the benefits I currently receive at a supermarket	0.784	0.808	0.615	0.678	0.557
<i>Complaining behaviour</i>					
I will switch to a competitor if I experience a problem with supermarket service	0.784		0.615		
I will complain to supermarket employees and other supermarket customers if I experience a problem with supermarket service	0.862	0.808	0.744	0.678	0.557

**Notes:** SL: standardized loading; CR: composite reliability; SMC: squared multiple correlation; AVE: average variance extracted; MSV: maximum shared variance

**Table 2.** Confirmatory factor analysis

(empathy and responsiveness) has a significant positive effect on (increases) customer satisfaction. These findings align well with the research findings of [Kitapci et al. \(2013\)](#) from the supermarket sector in Turkey that also identified empathy was the most significant service quality dimension affecting customer satisfaction. However, in the [Kitapci et al. \(2013\)](#) research responsiveness, tangibles, and assurance service quality dimensions also had a significant effect on customer satisfaction.

*Service quality dimensions' effect on customer repurchase intention (H2) – Model 2.* Empathy ( $t(477) = 30.275, p < 0.05$ ) and responsiveness ( $t(477) = 4.506, p < 0.05$ ) significantly positively affect (increase) customer repurchase intention, account for 81.7% of the variance in customer repurchase intention, and from the magnitude of the  $t$ -statistics empathy had considerably more increasing effect than responsiveness on customer repurchase intention. Reliability ( $p = 0.067$ ), assurance ( $p = 0.403$ ) and tangibles ( $p = 0.088$ ) did not significantly affect customer repurchase intention. The results support  $H2$  as at least one of the service quality dimensions (empathy and responsiveness) has a significant positive effect on (increases) customer repurchase intention. This study's findings are reinforced by an earlier study by [Bloemer et al. \(1999, p.1098\)](#) on health care services that found "empathy is an important determinant" of customer repurchase intention. However, contrary to this study's findings, previous studies ([Kyle et al., 2010](#); [Samad, 2014](#); [Yuen and Chan, 2010](#)) suggest that the service quality dimension's reliability, assurance, tangibles, empathy, and responsiveness all have a positive influence on customer repurchase intention.

*Service quality dimensions' effect on customer positive word-of-mouth (H3) – Model 3.* Empathy ( $t(478) = 43.480$  with  $p < 0.05$ ) significantly positively affects (increases) customer positive word-of-mouth, and accounts for 79.8% of the variance in customer positive word-of-mouth. Reliability ( $p = 0.639$ ), assurance ( $p = 0.475$ ), tangibles ( $p = 0.840$ ), and responsiveness ( $p = 0.709$ ) did not significantly affect customer positive word-of-mouth. The results support  $H3$  as at least one of the service quality dimensions (empathy) has a significant positive effect on (increases) customer positive word-of-mouth. This study's findings are supported by an earlier study by [Bloemer et al. \(1999, p.1096\)](#) of the fast-food service industry that identified "word-of-mouth is positively affected by assurance and empathy." However, other previous research ([Kyle et al., 2010](#); [Samad, 2014](#); [Yuen and Chan, 2010](#)) found that the service quality dimension's reliability, assurance, tangibles, empathy and responsiveness all have a positive influence on word-of-mouth.

*Service quality dimensions' effect on customer complaining behaviour (H4) – Model 4.* Empathy ( $t(475) = -75.831, p < 0.05$ ), responsiveness ( $t(475) = -24.420, p < 0.05$ ), assurance ( $t(475) = -11.487, p < 0.05$ ), and reliability ( $t(475) = -10.592, p < 0.05$ ) significantly positively affect (reduce) customer complaining behaviour, account for 99.3% of the variance in customer complaining behaviour, and from the magnitude of the  $t$ -statistics

Factor	No. of Items	Eigenvalue	% of Variance	Cumulative %	$\alpha$
Customer Satisfaction	3	21.126	33.16	33.16	0.896
Reliability	5	7.536	10.743	43.903	0.959
Responsiveness	4	4.131	5.135	49.038	0.971
Assurance	4	3.015	4.628	53.666	0.971
Price Sensitivity	2	2.871	4.153	57.819	0.906
Tangibles	4	2.311	3.511	61.33	0.972
Complaining Behaviour	2	2.157	3.200	64.53	0.980
Empathy	5	2.112	2.836	67.366	0.898

**Table 3.**  
Exploratory factor analysis

	Reliability	Assurance	Tangibles	Empathy	Responsiveness	Customer satisfaction
Customer satisfaction	Correlation coefficient Sig. (two-tailed) N	0.721** 0.000 480	0.879** 0.000 480	0.774** 0.000 480	0.826** 0.000 480	1 480
Repurchase intention	Correlation coefficient Sig. (two-tailed) N	0.607** 0.000 480	0.723** 0.000 480	0.636** 0.000 480	0.694** 0.000 480	0.822** 0.000 480
Word-of-mouth	Correlation coefficient Sig. (two-tailed) N	0.752** 0.000 480	0.820** 0.000 480	0.781** 0.000 480	0.849** 0.000 480	0.869** 0.000 480
Price sensitivity	Correlation coefficient Sig. (two-tailed) N	-0.741** 0.000 480	-0.761** 0.000 480	-0.805** 0.000 480	-0.783** 0.000 480	-0.956** 0.000 480
Complaining behaviour	Correlation coefficient Sig. (two-tailed) N	-0.871** 0.000 480	-0.915** 0.000 480	-0.849** 0.000 480	-0.893** 0.000 480	-0.970** 0.000 480

**Note:** \*\*Correlation is significant at the 0.01 level (two-tailed)

**Table 4.**  
Bivariate correlations

empathy had more reducing effect than reliability, assurance and responsiveness on customer complaining behaviour. Tangibles ( $p = 0.690$ ) did not significantly affect customer complaining behaviour. The results support *H4* as at least one of the service quality dimensions (empathy, responsiveness, assurance, and reliability) has a significant positive effect on (reduces) customer complaining behaviour. Notwithstanding, the findings of a prior study by Bloemer *et al.* (1999) of four service industries, are in contrast to this study's findings, in that they identified no significant relationship between service quality dimensions and customer complaining behaviour, suggesting other antecedents influence customer complaining behaviour.

*Service quality dimensions' effect on customer price sensitivity (H5) – Model 5.* Empathy ( $t(477) = -36.164, p < 0.05$ ) and tangibles ( $t(477) = -8.807, p < 0.05$ ) significantly positively affects (reduces) customer price sensitivity, account for 92.2% of the variance of customer price sensitivity, and from the magnitude of the *t*-statistics it can be suggested that empathy had considerably more reducing effect than tangibles on customer price sensitivity. Reliability ( $p = 0.882$ ), assurance ( $p = 0.054$ ), and responsiveness ( $p = 0.070$ ) did not significantly affect customer price sensitivity. The results support *H5* as at least one of the service quality dimensions (empathy and tangibles) has a significant positive effect on (reducing) customer price sensitivity. While limited attention has been paid to investigate the relationship between service quality dimensions and a customer's negative service experience leading to price sensitivity (Singh, 1991), the study by Bloemer *et al.* (1999) identifies that empathy in the foodservice industry strongly influences and reduces price sensitivity.

*Customer satisfaction has an effect on customer repurchase intention (H6) – Model 6.* Customer satisfaction ( $t(478) = 38.346, p < 0.05$ ) significantly positively affects (increases) customer repurchase intention, and accounts for 75.5% of the variance in customer repurchase intention. The results support *H6* as customer satisfaction has a significant positive effect on (increases) customer repurchase intention. This finding is supported by researchers (Barnes *et al.*, 2016; Kitapci *et al.*, 2013; Nyadzayo and Khajehzadeh, 2016) that identified customer satisfaction significantly contributes to repurchase intention.

*Customer satisfaction has an effect on customer positive word-of-mouth (H7) – Model 7.* Customer satisfaction ( $t(478) = 31.598, p < 0.05$ ) significantly positively affects (increases) customer positive word-of-mouth, and accounts for 67.6% of the variance in customer

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.966 <sup>a</sup>	0.933	0.933	0.093
2	0.904 <sup>b</sup>	0.817	0.816	0.233
3	0.893 <sup>c</sup>	0.798	0.798	0.331
4	0.996 <sup>d</sup>	0.993	0.993	0.047
5	0.960 <sup>e</sup>	0.922	0.922	0.199
6	0.869 <sup>f</sup>	0.755	0.754	0.269
7	0.822 <sup>g</sup>	0.676	0.676	0.42
8	0.956 <sup>h</sup>	0.913	0.913	0.209
9	0.970 <sup>i</sup>	0.942	0.942	0.132

**Notes:** <sup>a</sup>Predictors: (Constant), Empathy, Responsiveness; <sup>b</sup>Predictors: (Constant), Empathy, Responsiveness; <sup>c</sup>Predictors: (Constant), Empathy; <sup>d</sup>Predictors: (Constant), Reliability, Assurance, Empathy, Responsiveness; <sup>e</sup>Predictors: (Constant), Tangibles, Empathy; <sup>f</sup>Predictors: (Constant), Customer Satisfaction; <sup>g</sup>Predictors: (Constant), Customer Satisfaction; <sup>h</sup>Predictors: (Constant), Customer Satisfaction; <sup>i</sup>Predictors: (Constant), Customer Satisfaction

**Table 5.**  
Summary – Models  
1–9

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positive word-of-mouth. The results support *H7* as customer satisfaction has a significant positive effect on (increases) customer positive word-of-mouth. Researchers (Barnes *et al.*, 2016; Nadiri *et al.*, 2008; Nyadzayo and Khajehzadeh, 2016) reinforce this study's findings and conclude that customers highly satisfied with service quality readily spread positive word-of-mouth.

*Customer satisfaction has an effect on customer price sensitivity (H8) – Model 8.* Customer satisfaction ( $t(478) = -70.898, p < 0.05$ ) significantly positively affects (reduces) customer price sensitivity, and accounts for 91.3% of the variance in customer price sensitivity. The results support *H8* as customer satisfaction has a significant positive effect on (reduces) customer price sensitivity. Research conducted by Usman and Rehman (2017) on the courier services sector also found there is a negative relationship between customer satisfaction and price sensitivity; that is, when customers are highly satisfied, then price becomes of less consideration.

*Customer satisfaction has an effect on customer complaining behaviour (H9) – Model 9.* Customer satisfaction ( $t(478) = -87.902, p < 0.05$ ) significantly positively affects (reduces) customer complaining behaviour, and accounts for 94.2% of the variance in customer complaining behaviour. The results support *H9* as customer satisfaction has a significant negative effect on (reduces) customer complaining behaviour. Prior studies have identified that customer dissatisfaction is an antecedent of customer complaining behaviour, and that dissatisfied customers are more prone to complain than satisfied customers (Heung and Lam, 2003).

While some of the results of this study appear to be contradicted by previous research findings, such apparent contradiction is suggested to be expected due to the context specific nature of the constructs, their dimensions and the phenomena under review in this study, and considering the scarcity of prior studies that have been carried out in SIDS such as Fiji.

## Conclusions

This study is significant because it contributes to the scant service and marketing literature of the supermarket sector in SIDS by explaining the context-specific interrelationships between dimensions of the constructs service quality, customer loyalty and disloyalty; the relationships between service quality dimensions and customer satisfaction; and customer satisfaction and customer loyalty and disloyalty dimensions. The context-specific nature of this study is intended to enable SIDS supermarket management and marketers to better understand these complex phenomena in order to develop targeted strategies to enhance service quality, customer satisfaction and customer loyalty while mitigating customer disloyalty.

Descriptive statistics results suggest a wide range of opinions of supermarket customers exist due to inconsistent service quality provided by supermarkets and their employees to their customers. Although service quality is important in terms of customer satisfaction and loyalty, consistency of service quality is equally important (Coetzee *et al.*, 2013). Hence, it is suggested that supermarket management and marketers adopt strategies such as service standard procedures to reduce employee uncertainty, equip employees with service training in order to be more effective in providing customer support, and ensure a uniform customer experience across all channels, in order to ensure consistent deliver of service quality to customers, increased customer satisfaction, build trust and boost loyalty.

Inferential statistics results reveal the predominance and overwhelming magnitude of the effect of one service quality dimension namely empathy (either solely or in combination with other service quality dimensions) on increasing customer satisfaction and repurchase intention and positive word-of-mouth, and on reducing customer complaining behaviour

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and price sensitivity, in the supermarket sector of a SIDS. These findings significantly contribute to service and marketing literature considering the limited studies of the effect of employee service quality in SIDS, and in particular empathy on customer satisfaction (Markovic *et al.*, 2015), and loyalty (Itani and Inyang, 2015) and disloyalty dimensions (Wieseke *et al.*, 2012). Also, customer satisfaction was identified as a substantial antecedent for building and retaining loyal customers who repurchase and provide positive word-of-mouth, while negating customer complaining behaviour and price sensitivity. These findings also contribute to extant theoretical knowledge of the supermarket sector in a SIDS by revealing what other researchers (Chandrashekar *et al.*, 2007; Harris and Goode, 2004) argue that prior research was unable to conclusively explain, namely the complicated relationship between customer satisfaction and the dimensions of customer loyalty and disloyalty.

### **Theoretical implications**

This study has provided greater insights into service quality dimensions across different countries. The study also explores the impact of service quality dimensions on customer satisfaction. Following this, the impact of customer satisfaction is explored on repurchase intention, positive word-of-mouth, price sensitivity, and complaining behavior. This study explores not only the mediating impact of the service dimensions on the above dependent variables; it is one of the first studies to explore the direct relationships between them. For example, one of these new relationships includes *reliability* → *repurchase intention*. Similarly, this paper tests other direct relationships that have not been previously explored.

Despite studies carried out in other developed countries, very few studies have explored this in the context of developing countries. This is the first study to look at these factors from the context of a small-developing island country. There are significant differences between the developing countries and developing ones in terms of culture, economy, infrastructure, and customer preferences and taste (Sharma *et al.*, 2020). Theory building literature has highlighted the importance of models and instruments being tested in different contexts to enhance generalisability and to understand better the theories (Sharma *et al.*, 2020; Venkatesh *et al.*, 2012). A fertile ground for new knowledge creation begins when theories start to break down in different contexts (Alvesson and Karman, 2007).

### **Practical implications**

Based on the findings of this study several practical implications for SIDS supermarket management and marketers. Firstly, in order to be able to provide consistency in service delivery and in customer's shopping experiences, supermarket management and marketers must know who their customers are. This study provides insight into supermarket customers and their perceptions of the quality of supermarket service delivery and should aid in targeting strategies to achieve consistent service quality delivery. Secondly, this study identifies that empathetic behaviour of employees during service interactions increases customer satisfaction and repurchase intention and positive word-of-mouth, and reduces customer complaining behaviour and price sensitivity. Hence, supermarket employees must adopt empathetic behaviour during all employee-customer interactions (Bahadur *et al.*, 2018). Also, supermarket brand strategies should be supported by appropriate human resources principles and guidelines (Iglesias and Saleem, 2015), service delivery processes should emphasise the empathetic behaviour of employees (Bahadur *et al.*, 2018), and empathetic front-line supermarket service employees should be hired to deliver employee-customer interactions that promote a positive brand image (Bahadur *et al.*, 2018). Finally, SIDS supermarket management and marketers should note the context-specific nature of the interrelationships between the

Service quality dimensions

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Sth. Error	Beta		
1	(Constant) <sup>a</sup>	0.082	0.027		3.081	0.002
	Empathy	0.918	0.014	0.932	67.995	0.000
	Responsiveness	0.047	0.010	0.065	4.709	0.000
2	(Constant) <sup>b</sup>	1.253	0.066		19.028	0.000
	Empathy	1.013	0.033	1.024	30.275	0.000
	Responsiveness	0.112	0.025	0.152	4.506	0.000
3	(Constant) <sup>c</sup>	-1.492	0.093		-15.968	0.000
	Empathy	1.200	0.028	0.893	43.480	0.000
4	(Constant) <sup>d</sup>	6.953	0.019		372.234	0.000
	Reliability	-0.109	0.010	-0.127	-10.592	0.000
	Assurance	-0.099	0.009	-0.076	-11.487	0.000
	Empathy	-0.557	0.007	-0.560	-75.831	0.000
5	Responsiveness	-0.218	0.009	-0.296	-24.420	0.000
	(Constant) <sup>e</sup>	7.145	0.056		127.064	0.000
	Tangibles	-0.187	0.021	-0.194	-8.807	0.000
	Empathy	-1.030	0.028	-0.796	-36.164	0.000
6	(Constant) <sup>f</sup>	1.367	0.076		17.927	0.000
	Customer Satisfaction	0.872	0.023	0.869	38.346	0.000
7	(Constant) <sup>g</sup>	-1.193	0.119		-10.030	0.000
	Customer Satisfaction	1.120	0.035	0.822	31.598	0.000
8	(Constant) <sup>h</sup>	7.217	0.059		121.526	0.000
	Customer Satisfaction	-1.255	0.018	-0.956	-70.898	0.000
9	(Constant) <sup>i</sup>	6.942	0.037		185.696	0.000
	Customer Satisfaction	-0.980	0.011	-0.970	-87.902	0.000

**Table 6.**  
Coefficients - Models  
1-9

**Notes:** <sup>a</sup>Dependent Variable: Customer Satisfaction; <sup>b</sup>Dependent Variable: Repurchase Intention; <sup>c</sup>Dependent Variable: Word-of-Mouth; <sup>d</sup>Dependent Variable: Complaining Behaviour; <sup>e</sup>Dependent Variable: Price Sensitivity; <sup>f</sup>Dependent Variable: Repurchase Intention; <sup>g</sup>Dependent Variable: Word-of-Mouth; <sup>h</sup>Dependent Variable: Price Sensitivity; <sup>i</sup>Dependent Variable: Complaining Behaviour

dimensions of the constructs service quality, customer loyalty and disloyalty; the relationships between service quality dimensions and customer satisfaction; and customer satisfaction and customer loyalty and disloyalty dimensions revealed in this study. These findings should be used to target management and marketing strategies in order to service, satisfy, attract, and retain loyal customers in the competitive supermarket sector.

Several limitations exist in this study that suggests opportunities for future research. Firstly, this study was only conducted in the supermarket sector of one country. Therefore, care should be taken in generalizing the results. Future research could consider cross-country comparisons with other developing country supermarket sectors. Secondly, in light of this study's non-response bias rate of 53%, consideration should be given in future research to the use of a shorter questionnaire, and of more efficient methods of data collection, to increase the response rate. Thirdly, while control variables were not included in the regression models, to the best of our knowledge, control variables did not have an impact on the regression model. Future researchers could include control variables in the regression models. Finally, based on this study's conceptual model, hypotheses, and findings that employee empathy has a predominant effect on customer satisfaction and customer loyalty and disloyalty outcomes, more targeted future research into the direct and indirect effects of employee empathy could be valuable.

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