Quality of Service, Product Quality and Customer Satisfaction in the Malaysian Retail Industry for Customer Loyalty: An Empirical Study.

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ABSTRACT

The aspect of customer loyalty is considered to be one of the important factors driving an organization's longevity in today's marketplace, as loyal customers show the desire to buy more the willingness to pay higher prices and engage in spreading the favourable word of mouth. Customer loyalty, along with customer satisfaction, is a consequence of three factors, especially service and product quality. Compared to existing customers, it is a commonly recognised notion that firms pay higher costs for marketing to new customers as the acquisition of new customers is perceived to be ten times more expensive than maintaining existing customers. It can be seen, despite understanding this, which many companies are still struggling to effectively maintain their customers. In view of this scenario, the current research upholds the objective of investigating the connections that take place in the context of the retail industry in Malaysia in the midst of the factors indicated above and consumer loyalty. Many hypotheses were built from a theoretical model for this reason, and the process that was applied to test them was also highlighted. Later on by means of questionnaires, the suggested hypotheses were checked. The findings of the empirical study revealed that service quality, product quality, and consumer satisfaction are three distinct constructs that are combined to measure customer loyalty, indicating that service and product quality have a comparatively greater effect on variable customer loyalty. It is suggested that future initiatives should be aimed at evaluating the effect on consumer loyalty of customer relationships, customer preferences and engagement, as well as extending research to other sectors in order to gain greater insights.

Introduction

The purpose of this study is to analyse and understand the efficacy of the Malaysian retail industry's customer loyalty programme. This is achieved by starting with a history that would clarify what the research is all about and the reasons for doing it. A literature review has shown that there is still a lot of scope within the Malaysian retail industry to understand the relationship between loyalty programmes and whether they can individually fulfil the promises about the growth of consumer loyalty (Omar et al., 2015). Are loyalty programmes substantially adding to their bottom line, or are changes required? It is also hoped that this study will help businesses recognise their strength, concentrate on enhancing customer satisfaction and loyalty, and identify key areas for improvement. Such an understanding will lead to the creation of better loyalty services to meet the needs of more clients. Therefore, it has become important for present-day companies to be well aware of the evolving trends and demands of consumers to provide the right goods and services that adequately meet the requirements of consumer needs (Alauddin, 2016). On the one hand, loyal customers are considered to be business assets, and on the other hand, by patronising a specific retail chain on a regular basis, customers want to achieve different advantages or benefits (Magatef and Tomalieh; 2015)

As they are able to repeat their transactions, loyal customers are good for business and this behaviour improves the company's bottom line (Olotewo, 2017). To buy the same brand they love most, they are also keen to pay a high price (Sayman and Hoch, 2014). This thesis will collect available literature on the topic using methods of research methodology and then establish specific hypotheses from the conceptual context. After that to determine their level of consumer loyalty, a detailed survey will be carried out on customers of rival retailers. This research will attempt to provide evidence relating to the hypothesis and conclude with a management proposal and define the most successful factor(s) that contributes significantly to consumer loyalty (i.e. maintaining current customers, attracting new customers) and to the bottom line of the business (i.e. gaining more substantial wallet share, product upselling).

The ultimate objective of carrying out this unique study is to assess consumer satisfaction as well as retailer loyalty in Malaysia. It also seeks to clarify the relationship between consumer satisfaction and customer loyalty, as well as how it contributes to the quality of goods and services. The research would also define the key factors that must be present in order to provide the most successful loyalty programme so that it can maximise its benefits. These are critical because companies can build a sustainable long-term relationship with their customers only through customer loyalty, and avoid losing them at the expense of reacquiring ex-customers is more costly than having new ones. The research will also help businesses assess whether or not to launch a loyalty programme and determine where they are on the loyalty path. To reinforce the interpretation of the report, the variations between consumer loyalty, aspirations, satisfaction and engagement are first clarified.

Literature Review

The primary objective of this section is to include a summary of the related research literature at hand. It aims to provide a basic understanding of the general concept of loyalty and forms the fundamental basis for the conceptual structure to be established.

Customer Relationship Management

Customer relationship management (CRM) is used by many organisations to monitor their customer databases, contact and marketing (Bhat and Darzi, 2016). CRM is not however, exclusively focused on supplying clients with loyalty services. In order to better understand consumers, CRM is best described not as a tool but as a method that combines consumer information with sales transaction and marketing patterns (Frow and Payne, 2009). It is the cornerstone of a long-lasting consumer relationship and contributes significantly to companies who need to compete internationally and be more customer-facing (Bull, 2003; Buttle, 2009). Therefore, CRM is a strategic strategy and a method for creating positive values for corporate shareholders; businesses must select and invest in the most successful business process and technology to thrive (Buttle, 2009).

By making use of the expertise of consumers and using technical tools to create a meaningful customer experience, CRM operates through market and customer strategies (Frow and Payne, 2009). Cross-selling, personalised marketing and segmentation are only a few examples of how CRM helps businesses to sell more goods and handle customer relationships better (Laketa et al., 2015; Bose, 2012; Tseng and Wu, 2014). It functions on the company bottom line by increasing the satisfaction of the client and eventually the loyalty of the client (Rezghi-Rostami et al., 2014). This is achieved by providing more consumer insights that would allow companies to strengthen the value proposition of the customer and concentrate on delivering better customer experiences. In essence, this would improve customer retention, customer loyalty and eventually overall market performance (Buttle, 2009).

There are numerous forms of CRM, but the strategic CRM is the most valuable instrument for companies to attain customer loyalty. Strategic CRM is considered a simple customer-centered approach that focuses not only on winning but also on retaining profitable customers (Rahimi, 2017). It uses technology to integrate organisational boundaries and maximise all assets in a company as well as the environment, and also focuses on creating a customer-based business culture (Mohamad et al., 2014). In this community, resources are distributed to where their customers can better maximise their value (Eskafi et al., 2013). Customer data is collected and exchanged through industries, and compensation programmes are in place to facilitate employee behaviour that increases customer loyalty and retention. Customers are encouraged, as part of the culture, to share their information in exchange for a more personalised service (Wu, 2010).

Customer Expectations

With regard to a specific product or even service, every consumer has a collection of particular wants or desires. In other words, this can be developed as client perceptions that are also shaped by the image of the brand as well as past experiences, advertising and rivals (Nikolae et al., 2013). In order to properly manage consumers, organisations need to have the ability and foresight to predict and manage consumer preferences well. Customers who come with high

expectations will be frustrated if it is not handled and carried through, and they may take their company to other rivals elsewhere (Gures et al., 2014). The Customer Satisfaction Research Model can be used to identify the preferences of consumers by illustrating the relationship between customer expectations, experience and satisfaction. Following this view, a higher degree of satisfaction can be reached in circumstances where the interactions of consumers reach their standards. On the other hand, the worse the customer's experience is relative to expectations, the lower the satisfaction would be (Tao, 2014).

Businesses should collect information during the delivery of service about consumer expectations and prejudice. All the data collected about the habits, desires and feedback of customers can form the basis of the successful management of consumer perceptions (Tao, 2014). Businesses should learn from experience that the failure to predict consumer needs has caused the retail industry to undergo substantial changes and adjust the conventional model of business and service delivery. For example as a result of consumers searching for new possibilities and expecting companies to have the electronic option for making transactions, evaluating and comparing goods and everything from the comfort of their homes, the boom of Internet-based shopping malls such as Amazon and eBay has been implemented; similar shopping experiences are expected by consumers regardless of whether they visit a physical store, buy through the website or even through product catalogues (Bengier and Stelzer, 2007).

Customer Satisfaction

The term customer satisfaction is characterised as the customer's attitude when the sales transaction is carried out or when a company receives the services (Hosseiniand Shahmoradi, 2016). It is a relative concept which relies on certain variables, such as consumer preferences, the importance they place on the product or service, the value-for-money concept of consumers and their level of participation (Tao, 2014). It is defined by the interaction that takes place between the company's customer-facing organisation and the actions of consumers during the interaction. If they understand the connection between customer satisfaction and customer loyalty, discerning organisations concentrate on providing customer satisfaction (Gable et al., 2008).

Three distinct things are found to be inherent in the mind of the consumer when it comes to customer satisfaction. Each is defined as follows: 1) customer perception is lower compared to his or her previous expectations, giving rise to a sense of dissatisfaction with the experience, 2) customer perception meets their previous expectations and thus customers are satisfied with the product and service offered, 3) customer perception is more relevant compared to their previous expectations, resulting in customer perception

Three separate variables have been found to have a strong and beneficial effect on customer satisfaction as well. Service quality (Razak et al., 2016) followed by value for money (Rajaguru and Rajesh, 2016) was recognised in literature as service quality (Tan et al., 2016). Not only does the value for money reflect the minimum purchasing price, it is also ideally measured on the overall productivity as well

as the efficacy of a given purchase. Satisfied clients are more loyal to the brand and therefore prefer to recommend it by positive word-of-mouth to their friends and families (Shi et al., 2016). This in essence, extends the brand's life cycle, expands the product line and drives clients to repeat transactions. Therefore, it is important for businesses to pay careful attention to loyal customers by ensuring that their loyalty is a key competitive advantage for the company (Tweneboah-Koduah and Farley, 2015). Therefore in order to enhance the experience of customers, companies must improve their quality of service and in order to improve the satisfaction of customers, companies must efficiently handle the expectations of customers.

Customer Commitment

Customer commitment is typically described as the customer's attitude and actions towards the brand based on the experience of the customer, which includes their intention to behave in the future (Arantola, 2000). It is strongly linked to the management of customer relationships and is at the same time recognised as an integral component of a productive and long-term customer relationship. Commitment is usually defined as the goal of the parties to behave in a specific way along with their attitude of working with each other.

With a love for the brand and a willingness to buy its offers, a loyal customer would continue to invest in the partnership in the long run. In return for obtaining more secure and long-term benefits, avoidance of short-term alternatives is a choice. A consumer would only associate with a brand he trusts in a long-term relationship, as the relationship leaves him usually weak and exposed to violence (Buttle, 2009). Commitment can be handled either by an efficient or calculative technique. An successful engagement has been considered the most effective way for the formation and preservation of a partnership that is considered to be mutually beneficial between the two approaches (Roxenhall and Andresen, 2012).

In a realistic approach, both sides stay in the relationship as they appreciate and feel positive about the partnership, according to Mercurio (2015). They have also claimed that it also invokes feelings of identity, loyalty and customer association at the same time. The calculative engagement, on the other hand, emphasises the study of costs versus benefits, where the partnership between parties is only maintained when the profit needs are met (Maheshwari et al., 2014; Lariviere et al., 2014). The calculative engagement between the two carries a greater degree of impact on the buying decisions of consumers since customers often weigh the costs and advantages associated with the purchase before purchasing it. In certain situations, consumers with a higher degree of involvement are willing to pay a higher price for deals from a brand. Affective engagement has been found to have some effects on cross-buying, but there is no cross-buying influence on calculative engagement (Kaur and Soch, 2013).

Kaur and Soch (2013) have shown that attitude loyalty leaves an important and positive effect on behavioural loyalty as well as a positive impact on customer satisfaction. It has also been shown that useful interaction has a beneficial influence on attitudinal loyalty and negative calculative engagement effects on the other side. The corporate image was determined to be the most reliable driver of the expected future repurchase conduct and was found to play the role of a mediator between the confidence and attitude loyalty construct (Kaur and Soch, 2013).

Customer Loyalty

The idea of customer loyalty is derived from the theory of customer relationship management, which ties customer preferences, satisfaction and interaction together. Arantola (2000) has provided another concept of consumer loyalty, where customer loyalty is a combination of a customer's repeat purchase with a positive attitude. It is worthwhile to remember, however that satisfaction does not always end in loyalty. Instead, as follows, a single customer goes through various stages: 1) knowledge, 2) discovery, 3) expansion, 4) dedication and 5) dissolution (Arantola, 2000).

Consumer loyalty arises when the expectations of the consumers are consistently met and always fulfilled, and customers are more dedicated to buying a company's offers, in effect, they are already "loyal to the company (Tao, 2014). Customer loyalty occurs when the expectations of the customers are continually met and are always satisfied. Loyalty can also be defined as a situation where, relative to its rivals, the company (being a product or service provider) is in a priority position for the consumer and consistently buys the products of a company as a result of its favourable attitudes towards it (Beerli et al., 2004). To be effective, businesses should understand the basics and handle the aspects of customer loyalty within their Businesses should also use loyalty as a tactic to attract new customers, preserve the trust of current customers, and get both their employees and partners to collaborate and be mutually beneficial within the ecosystems of companies.

Literature indicates that loyalty can be divided into three categories: those known as transactional, followed by undying and nuanced loyalty. The first sort, which is purchase or behavioural loyalty, is determined on a routine basis by the total number of customers patronising a specific brand (Jokinen, 2014; Gecti and Zengin, 2013). The second form, which is perceptual loyalty, consists of the views of the customers as well as knowledge of the brand, along with the degree of satisfaction with the business. Via daily customer surveys (Jokinen, 2014), this needs to be calculated. The third type, complex loyalty, emerges from a mixture of both transactional and perceptual loyalty. This is where there is real loyalty, a situation in which consumers frequently purchase a specific brand and have a high degree of satisfaction with that brand (Jokinen, 2014).

Rightly loyal clients are described as clients who as a result of their satisfaction, are highly engaged with a brand and share a strong emotional bond. This requires the client's emotional as well as logical aspects. A false loyalty is the opposite of true loyalty, a situation in which a customer continues to purchase products of a certain brand without some kind of commitment to the brand and, to a greater extent, not even happy with the brand (Afsar et al., 2010). This situation can arise for economic reasons or for reasons of availability, where a good discount is given or the regular brand is not available. False loyalty is very vulnerable to behaviour taken by competing brands and, due to unique

deals or even superior quality, consumers may easily change a competing brand (Makanyeza, 2015).

Another condition is latent or potential loyalty, where a consumer is most often unable to purchase a specific item, possibly because of economic factors, but the brand is highly regarded. The customer has a comparatively high degree of satisfaction with the brand in this regard and is said to be emotionally engaged, but instead he/she buys rival brands despite such behaviour. Finally, there is absolutely no loyalty if the consumer is not happy with the brand and is not able to buy it again (Makanyeza, 2015).

By the desire of clients to make purchases of a specific brand, it is possible to increase customer loyalty. This, in turn, is linked to how pleased consumers are regarding their rivals with the product, services and reputation of a business (Peppers and Rogers, 2011). Companies should devote their time and money recognising their segmentation of customers and use all the resources available to increase customer satisfaction and drive customer loyalty to achieve their goals (Rizan et al., 2014). The very reason why corporations exist should be consumer loyalty. Loyal consumers demonstrate a higher degree of loyalty to the purchase of the company's services and goods and will be more likely to repeat the purchase, providing the company with a steady stream of sales, and the company will eventually be able to charge the brand a premium price.

The European Performance Satisfaction Index (EPSI) is, technically, a generally recognised rating model used to measure customer satisfaction. The primary success factor is considered to be this respective model, especially with regard to the image of various types of service providers, such as different forms of agencies, companies and organisations in a specific market. This is achieved by periodic data analysis performed by a neutral organisation through the use of state-of-the-art methodology-based quality standards (Fornell et al., 1996).

EPSI is used in a wide variety of services, including retail banking, insurance, supermarkets, mobile telephony, public transport, health and public administration. The EPSI Rating model is the outcome of a European feasibility study carried out between 1997 and 1998 on coordinated national indices of customer satisfaction. In addition, this analysis summarises the empirical reviews that were presented below in Table 1.

Table 1: Summary of the Empirical Reviews

Concept	Description	Operationalization	Source
Product Quality (PQ)	A condition where a product fulfils the customers' expectations, causing the customer to be pleased and consider that the product is of acceptable or even high quality. A combination of quantitative and qualitative perspectives for which each person has his	• Perception towards overall quality • Perceived reliability • Perceived functionality	Yoo, Donthu and Lee (2000)
	or her definition; examples of which include, an individual's subjective evaluation concerning a particular product's overall excellence along with its superiority.		
Product Quality (PQ)	A product's quality represents superiority or excellence. It is a result of two essential factors namely, 1. Expected quality 2. Perceived quality. A product's quality is considered to be satisfactory when there is congruency between perceived quality and expectation, vice versa.	Measured by: • Performance: the operating or functional characteristics • Features: the supplementary aspects that enhance the operating characteristics • Reliability: the assurance of functionality for a given period • Conformity: the ability to meet expected standards • Durability: the product's longevity • Serviceability: the ease of maintenance • Aesthetics: the appealing aspects of the product • Perception quality: customers evaluation of the product's quality	Razak, Nirwanto and Triatmanto(2016)
Service Quality (SQ)	Service quality is a comparison of expectations with performance. A business with high service quality will meet customer needs while remaining economically competitive. Improved service quality may increase economic competitiveness.	• Reliability: the ability to perform the promised service dependably and accurately • Assurance: the knowledge and courtesy of employees and their ability to convey trust and confidence • Tangibles: the appearance of physical facilities, equipment, personnel and communication materials • Empathy: the provision of caring, individualised attention to customers • Responsiveness: the willingness to help customers and to provide prompt service	Berry; Zeithaml and Parasuraman (1985)

Concept	Description	Operationalization	Source
Service Quality (SQ)	The difference that takes place between customers' expectations regarding service about their perceptions about the performance of the service	• Tangibility: the tools and equipment used, facilities offered, communication material used, the overall furnishing of the institution • Reliability: the ability of employees to fulfil promises, service specifications, error-free service, availability of services • Assurance: the employee's knowledge, employee courteousness, the safety of the service • Sincerity: the customer's interest taken from the heart, offer proactive advice, well-mannered employees • Personalization: personal attention paid to customers, customers greeted with their names, customised solutions to problems • Formality: prohibition of the usage of foul language, full attention paid to customers	Kashif, Rehman and Pileliene (2016)
Customer Satisfaction (CS)	Customer satisfaction is defined as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals. It provides a leading indicator of consumer purchase intentions and loyalty.	A measure of how products and services supplied by a company meet or surpass customer expectation: • Customer expectation • Overall satisfaction structural	Farris; Bendle; Pfeifer and Reibstein (2010)
Customer Satisfaction (CS)	Customer satisfaction is the ultimate state that results from the experience of a particular experience. Satisfaction is an outcome of confirmation, or in other	Measured by customers degree of satisfaction toward the various product or service related dimensions and attributes	Pizam, Shapoval and Ellis (2016)

Concept	Description	Operationalization	Source
	words positive disconfirmation with the expectations held by customers whereas, dissatisfaction results from negative disconfirmation.		
Customer Loyalty (CL)	Loyalty is a considered to a commitment as a result of which customers are willing to rebuy or re-patronise to a particular product/service regardless of the situational factors or marketing efforts undertaken by competitors. This makes the company (i.e. service provider) in a priority position compared to its competitors.	• Preference for the brand • Likelihood to continue to choose the brand or repurchase • Likelihood to recommend the brand to a friend or family member	Bobalca, Gatej and Ciobanu (2012)
Customer Loyalty (CL)	Loyalty indicates customers degree of commitment regarding repurchasing a given product as along with service on a continuous basis in the future.	• The intention of spreading positive word of mouth • Willingness toward recommending friends and family to engage in a business relationship with the company. • The recommendation the company to someone seeking advice • The intention of continuing to do business with the company	Amin, Isa and Fontaine (2013)

After the theoretical and empirical reviews, the following Figure 1 illustrates the conceptual framework of the study around the variables and describes the hypotheses that will be validated in the study:
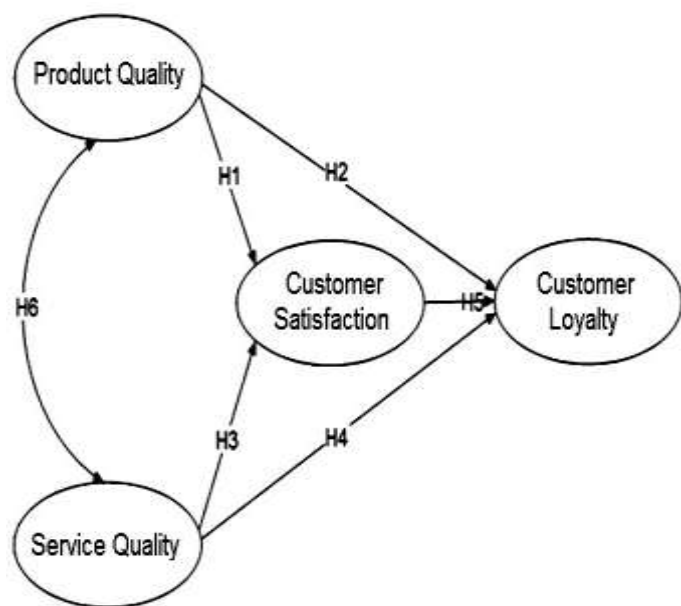
Figure 1: Conceptual Framework

Hypotheses Development

Based on the conceptual framework and the above variables, it can be seen that seven hypotheses are formulated to test whether there are significant relationships between product quality, service quality, customer satisfaction and customer loyalty.

The hypotheses that will be tested in this study are as follows:

H_1: There is a positive relationship between product quality and customer satisfaction

H_2: There is a positive relationship between product quality and customer loyalty.

H_3: There is a positive relationship between service quality and customer satisfaction

H_4: There is a positive relationship between service quality and customer loyalty

H_5: There is a positive relationship between customer satisfaction and customer loyalty

H_6: There is a reciprocal relationship between customer satisfaction and customer loyalty

Methodology

This research falls under the quantitative research method and hopes to attain further insights regarding the effect of service quality, product quality and customer satisfaction on customer loyalty toward Malaysian retail sector. Therefore, the population identified in this study are Malaysian adults who have purchased products or received service from retailers in Malaysia. The sample size of the study is 196. This sample size has been chosen based on a simple calculation of 5 respondents per question as suggested by Hair et al. (2010). Comfort sampling method has been utilised for collecting the required data. Comfort sampling is a non-likelihood examining system where subjects are chosen due to their advantageous availability and vicinity to the researcher. This example is utilised because it permits the analyst to get essential information and patterns with regards to this study without the entanglements of utilising a

randomised specimen (Chambers and Skinner, 2003). This sampling technique is additionally helpful in reporting that a specific nature of a substance happens inside a given an example. Such studies are precious for distinguishing connections among the distinctive phenomena.

Therefore, for this study data has been gathered from Malaysian customers who are frequent customers of retailers. The questionnaire that was developed for the study included a total of 25 closed-ended questions, which allowed the respondents to choose from a limited set of responses. The Likert scaled questionnaire with a scale from 1 to 5 was chosen as the type of scale for this study, as it measures the respondents' attitudes and opinions directly as well as their levels of agreement and disagreement. The questionnaire was distributed through an electronic survey tool (hosted at SurveyMonkey.com) that reached all the retail customers in Malaysia. An electronic questionnaire was chosen as a result of its low-cost advantages along with the ease of distribution. After the primary data that are required for the study were gathered, they were analysed through SPSS and followed by AMOS software. To analyse the collected data, several descriptive analysis, as well as inferential statistics, were used for verifying the validity and reliability of the construct and data. Finally, the research exhibits a structural model to ensure the variables with the proper justifications of the hypotheses.

Findings

Demographic Information

Descriptive statistics, including frequencies, measures of central tendencies and dispersion, were used to describe and explore the demographic variables of gender, age group, ethnicity, education level, annual income and place of residence. Table 2 below summarises the descriptive statistics of the respondents according to the demographic information.

Table 2: Demographic Information

Variables	Frequency	Percentage (%)
Gender		
Male	121	61.7
Female	75	38.3
Age		
20 years old or younger	0	0
21 to 30 years old	3	1.5
31 to 45 years old	108	55.1
46 to 60 years old	84	42.9
Above 60 years old	1	0.5
Ethnicity		
Bumiputera	154	78.6
Chinese	29	14.8
Indian	6	3.1
Others	7	3.6
Foreign	0	0
Education		
High School	5	2.6
Diploma	35	17.9

Bachelor Degree	102	52.0
Master	53	27.0
PhD	1	0.5
Income		
Below RM25,000	16	8.2
RM25,001 to RM50,000	15	7.7
RM50,001 to RM100,000	50	25.5
RM100,001 to RM200,000	63	32.1
Above RM200,000	52	26.5
Residence		
Rural	5	2.6
Small town	41	20.9
Big town	47	24.0
Major town	68	34.7
Metropolitan	35	17.9

In the first category, which is by gender, the majority of the respondents were male (61.7%) representing 121 respondents while the remaining are female (38.3%) representing 75 respondents. In the age group categorisation, the highest respondents were between 31 to 45 years old with 108 respondents (55.1%) followed by 46 to 60 years old with 84 respondents (42.9%) while the other three categories have a deficient percentage of respondents. Most of the respondents belong to the Bumiputera category which is at 154 respondents (78.6%) followed by Chinese at 29 respondents (14.8%) while the remaining three categories are a tiny percentage. The respondent's education is at the highest at Bachelor Degree with 102 respondents (52.0%) followed by Master with 53 respondents (27.0%) and Diploma with 35 respondents (17.9%). The respondents annual income was mostly between RM100,001 to RM200,000 with 63 respondents (32.1%) followed closely by those earning above RM200,000 with 52 respondents (26.5%) and between RM50,001 and RM100,00 with 50 respondents (25.5%). Finally, the residence of the respondents is categorised into five areas with the majority of respondents living in the major town with 68 respondents (34.7%), big town (24.0%), a small town (20.9%) and metropolitan (17.9%).

Exploratory Factor Analysis (EFA)

Factor analysis is a data reduction technique that is widely used to identify the underlying dimensions in multivariate data analysis. The purpose of factor analysis is to remove all redundant or highly correlated variables from the data file, replacing the remaining ones with a smaller number of variables, often called factors.

Kaiser- Meyer- Olkin (KMO) measures the proportion of variance in the variables that might be caused by an underlying factor. Statistically, it tests whether the partial correlations among variable are small. Moreover, the KMO of this study is 0.809, that is to say, it is more than 0.8 which is considered excellent. Similarly, Bartlett's test is 0.000 which is less than 0.005. This indicates that there is no high correlation or coefficient among the items and also suggests conducting an EFA.

Besides, if the variances are independent of each other, then the total variance will be equal to the number of variables in the analysis. The eigenvalue is commonly used in deciding on the number of factors. The first factor extracted explains more variance in the observed variances compared to the following factors. In this research, the factors explained the 61.990 percent of total variance. The rotation has the effect of optimising the factor structure, and one consequence for these data is that the relative importance of the six factors is equalised. This study used Varimax because it is an orthogonal rotation method that minimises the number of variables that have high loading on each factor. This method simplifies the interpretation of the factors.

After the Exploratory Factor Analysis (EFA), the structural model for the framework was developed by combining 15 items based on each final individual structural model. According to the results, all the factor loading values are higher than the required cut-off point of 0.5. By looking at the model fit indices, it can be seen that the model fits the data well, as indicated by observing the absolute fit indices and incremental fit indices, the RMSEA values.

χ^2 / df	RMSEA	CFI
3.348	0.078	0.913

Table 3 demonstrates that AVE values for the entire constructs are higher than 0.5. Further to this, the CR values are higher than the AVE values which indicates the convergent validity.

Table 3: AVE and CR Values for the Structural Model

Variables	AVE	CR
Product Quality	0.63	0.81
Service Quality	0.67	0.87
Customer Satisfaction	0.63	0.83
Customer Loyalty	0.66	0.86

Hypothesis Testing

A hypothesis is a statement that the researcher sets out as to whether to accept or reject based on the data collected. The six hypotheses are summarised as follows:

Table 4: Summary of Hypothesis

Hypothesis	Remark
H1: There is a positive relationship between Product Quality and Customer Satisfaction	Accepted
H2: There is a positive relationship between Product Quality and Customer Loyalty	Accepted
H3: There is a positive relationship between Service Quality and Customer Satisfaction	Accepted
H4: There is a positive relationship between Service Quality and Customer Loyalty	Accepted
H5: There is a positive relationship between Customer Satisfaction and Customer Loyalty	Accepted
H6: There is a reciprocal relationship between Product Quality and Service Quality	Accepted

Conclusion and Managerial Implications

The results are based on the research goals as outlined in section one and address the proposals in an effort to boost consumer satisfaction in the Malaysian retail industry. Proposals for the management of related businesses and organisations, as well as for potential researchers, are presented. The study also offers fresh insight into the room for consumer loyalty that could benefit the industry and have some repercussions for policymakers and government. There are essential relationships between product quality, quality of service, customer satisfaction and customer loyalty, to recap. This study offered an insight that was not apparent at the outset, based on the sample data obtained during the survey. It was found that, relative to the non-Bumiputera ethnic groups in Malaysia, i.e. the Chinese and Indians, the Bumiputra ethnic group has a lower average customer loyalty rate. While the results to the population should not be generalised, the sample data shows that the non-Bumiputera ethnic typically places a higher score on customer loyalty, indicating that they are more discerning consumers and more open to whatever loyalty programmes companies may give. Contrast this with the fact that there is no impact at all on customer loyalty scores on gender, age groups, education, income and residence.

When receiving better service and goods, all clients want to get the best out of their money and are willing to invest more until they are dedicated to a specific brand. Businesses should ensure that their goods are of the highest standards and that their front line workers have the highest level of service to nurture and reinforce loyalty to both new and current customers. In the case of a store, any aspect of his or her experience must be satisfying from the moment a customer enters the door to when they leave the retail outlet, and there should be no room for service-related errors.

Policymakers and regulators should aim to adopt the same strategy when delivering services to the general public by recognising how consumer loyalty functions in a business setting. When working with the public, all frontline staff can show the best behaviour and provide flawless service at all service counters.

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