

The Effects of Retail Supermarket Service Quality on Customer Loyalty in Dar es Salaam, Tanzania: Adapting the Retail Service Quality Scale

Uswege Samson Ibrahim^{a*}

^a Tanzania Institute of Accountancy (TIA), Tanzania Institute of Accountancy Consultancy Bureau (TIA-CB), P.O.Box 9522, Dar Es Salaam, Tanzania.

*Corresponding author

E-mail address: uswegesamsonibrahim@yahoo.com

Abstract

In light of the business' underperformance and the subsequent collapse of various locally owned and multinational retail supermarkets in Tanzania, this study used a retail service quality scale (RSQS) to investigate the influence of retail supermarket service quality on customer retention by fostering customer loyalty. The study adopted an explanatory design. And a self-administered questionnaire to collect data from 390 shoppers who visited Shoppers Supermarket–Mlimani, Shoppers Plaza–Mikocheni, Viva Supermarket and Village Supermarket in Dar es Salaam, Tanzania. Partial Least Squares-Structural Equation Modeling was used to evaluate the hypothesized structural and measurement relationships. The study found that reliability ($\beta = 0.260$, $p = 0.000$), policy ($\beta = 0.186$, $p = 0.022$), and problem-solving ($\beta = 0.169$, $p = 0.010$) are positive and significant service quality aspects predicting customer loyalty. Physical aspects ($\beta = -0.012$, $p = 0.880$) and personal interactions ($\beta = 0.116$, $p = 0.107$) were not significant predictors of customer loyalty. The study results suggest that retail supermarkets in Tanzania should improve reliability, policy, and problem-solving to retain customers and boost financial performance. Further, the study informs supermarkets that customers in Tanzania prioritise reliability, supportive policies, and problem-solving for customer retention over physical aspects and personal interactions.

Keywords: Retail, Supermarkets, Service Quality, Customer Loyalty, Customer Service

1.0 Introduction

Customers, when visiting retail outlets to meet their needs, base their purchase decisions on more than just product functions, features, or attributes. Customers are also on the lookout for additional factors that significantly influence where they make their purchase (Baker et al., 2003). Business organisations are steadily leaning towards retail because of the sheer opportunities it offers, resulting in the proliferation of retailers that provide more opportunities for consumers. This growing number of retailers has led to increased competition across all aspects of retailing, and that competition moderates customer value and customer loyalty (Chen, 2015; Deka, 2016).

The increasing pace of competition in the retail sector led retailers to work tirelessly to increase market share through quality service delivery, customer satisfaction, customer loyalty, and retention (Eshiett & Eshiett, 2021). Retailers are configuring the retail environment to provide a memorable customer service experience to outwit competing retailers and overcome the threat of online retailers (Bonfanti & Yfantidou, 2021). The juggling around business competition is to ensure that a retail store generates profits by considering the interplay of environmental and internal factors (Hermant, 2011). There is a significant link between customer loyalty and a company's long-term financial performance (Clottey, Collier, and Stodnick, 2008). Realising the importance of financial performance amid increasing competition that erodes profit margins, retailers have recognised the need to shift focus to store image, customer satisfaction, and ultimately customer loyalty to ensure the retailer's survival (Demirgunes, 2014). To ensure survival, organisations should strive to achieve long-term profitability by building strong customer loyalty. Loyalty is regarded as the best way to ensure long-term profitability because it is cheaper to retain an existing customer than recruit a new one (Alsulami, 2021). Retail store managers are using various strategies to build loyalty and improve the customer experience, both of

which are essential to increasing sales revenue and profitability (Samuel, 2018).

To this end, Africa has experienced retail expansion over the past few years to serve the needs of emerging new middle classes. Also, retail expansion in Africa was influenced by factors such as economic growth and the presence of economic opportunities that have attracted investors (Fick, 2007; Dakora and Bytheway, 2011; Mahlangu and Makhita, 2019). Whilst the expansion of retail business in Africa has attracted investors, as evidenced by the influx of multinational businesses and supermarkets, cultural differences have proved to be a burgeoning difficulty to address. The notable challenge arising from cultural differences is the lack of understanding among service providers of the clear definition of good customer service, because there are apparent differences in the needs and expectations of various service recipients. Africa is regarded as a multifaceted and multicultural continent with great variation in tribal forms and the official languages spoken, which further complicates the consensus definition and delivery of good customer service (Whyte and Bytheway, 2016; McCordic, Frayne, Sunu, 2022). Essentially, the cultural diversity among developing countries significantly affects quality, value, satisfaction, and loyalty, thereby challenging the assumption that Africa, proximate countries, or individual countries are homogeneous markets (Diallo et al., 2018).

Research has shown that companies that offer superior service quality tend to make more profits. To make a profit, retail shopping centres need to consider the heterogeneity of African markets and avoid replicating strategies across countries, even those that are geographically close. By understanding the distinctions among quality, value, satisfaction, and loyalty across neighbouring African countries, retail shopping centres will better appeal to customers in developing nations (Diallo et al., 2018). To attract customers and retain significant market share, modern retail supermarkets have considered the synergistic contributions of retail store atmosphere, customer demographics, and other crucial factors necessary for creating an appealing environment for patronage (Gilboa and Rafaeli, 2003; Lovelock and Wirtz, 2011).

In Tanzania, the retail supermarket business began to take off in the late 1990s and early 2000s. Initially, the government operated retail stores through regional trading companies (RTCs) and household supply companies (HSCs). These government-owned retail businesses were privatised in the early 1990s, and thereafter there was a proliferation of mini-markets and small grocery stores in the mid-to late 1990s. In the late 1990s, retail supermarket business developed quickly, with the initial entrants in the supermarket sector being Shoprite, Pick and Pay (PnP), Imalaseko, and Shopper's Plaza. Later, Kenyan-based supermarkets Uchumi and Nakumatt entered the Tanzanian market (Weatherspoon & Reardon, 2003). The Tanzanian market, like those of other East African countries, was regarded as fast-growing for supermarkets. This perception has led to the emergence of supermarket brands that aim to capture the fast-growing market. One such brand operating in Tanzania was Nakumatt, which, despite initial hopes, was declared bankrupt and mothballed its operations in 2017 (Nandonde, 2021). Apart from Nakumatt, other multinational supermarkets, including Uchumi, Shoprite, and Game Stores, exited the Tanzanian market (Malanga, 2022). The closure of these supermarkets can be attributed to the unpredictability of Tanzanian suppliers, logistical issues, and Tanzanians' preference not to purchase from supermarkets and shopping malls (Shayo, 2021).

Progressive businesses in developed countries establish long-term relationships with their customers by fostering customer retention, customer loyalty, and customer experience. Nevertheless, it is argued that weak customer service management in developing nations leads to a failure to build long-term customer relationships, which is important for business success (Whyte and Bytheway, 2016; Filipe et al., 2017). While customer service management is weak in developing nations, customers are significantly prioritising the quality of service they receive; hence, it is crucial to study the effect of service quality on customer loyalty. Furthermore, it is understood that positive perceptions of service quality increase the likelihood that customers become involved with the organisation and develop loyalty behaviour (Yuen & Chan, 2010). The survival and success of a retail store depend greatly on the level of customer loyalty to the store (Charinsarn, Diallo and Lambey-Checchin, 2023).

Due to differences in perceptions of service quality, shaped by cognitive, emotional, behavioural, sensorial, and social responses, it is important to investigate the service quality elements that influence customers' shopping frequency (Njau, 2019; Musasa and Tlapana, 2023). Also, studies on retail

supermarket patronage in emerging economies such as Tanzania have received little scholarly attention (Dokcen, Obedgiu and Nkurunzina, 2020; Adeola et al., 2023). Even the scant studies available on patronage or loyalty were centred on specialised retail sectors such as apparel and sports, rather than on a generalised approach to retailing (Musasa and Tlapana, 2023).

Anchoring in the multiculturalism of Africa, the collapse of supermarkets, and the scant studies, especially in Tanzania, on retail supermarket patronage, this study adopted a generalised approach to investigate the effect of service quality on customer loyalty in a Tanzanian context. Investigating service quality and customer loyalty from a retail supermarket perspective adopts a generalised approach because supermarkets offer customers a one-stop shopping experience, a wide range of products, and a shopping experience that encompasses more than just physical products (Nair, 2018). Essentially, the study was guided by the following research question:

What service quality levers are most efficient to influence customer loyalty to a retail supermarket?

To establish the effect of supermarket service quality offerings on customer loyalty, the study reviewed the pertinent literature on service quality and customer loyalty. The detailed literature review enabled the study to do two things. First, the literature guided the study in understanding service quality and the aspects of retail service quality that affect customer loyalty. Thereafter, the study, through the reviewed literature, examined the relationship between service quality and customer loyalty. Ultimately, the study contributed to the extant body of knowledge by illustrating the retail service quality components that are prioritised by shoppers and lead to the forging of customer loyalty in the Tanzanian context. Moreover, the study empirically informed supermarket owners about retail service quality components that require sufficient consideration to enhance loyalty and contribute to the supermarket's financial success.

2.0 Literature Review

2.1 Relationship Between Service Quality and Customer Loyalty

Customer loyalty has been defined and classified in various works as brand, service, store, and vendor loyalty (Basu & Basu, 1994; Deventer & Redda, 2021). In this case, no distinction is made among brand, store, and vendor loyalty, as they are all treated as customer loyalty, since their differences are not clearly distinct. Customer loyalty refers to a customer's enduring desire to maintain a continuous relationship with a retail outlet by patronising its products and services (Kim & Yoo, 2004; Hendri et al., 2021). Customer loyalty to a retail supermarket is manifested in customers' intentions and responses to make repeated purchases at the outlet (Karatepe, 2006; Channa et al., 2020). Apart from repurchase intentions, customer loyalty is determined by customers who are sufficiently positive to refer a friend or colleague, make an impulsive or unintentional purchase, and make a retail store a priority for shopping (Reichheld, 2003; Gogoi, 2017).

The interaction between customer loyalty and retail service quality is manifested through customer loyalty theory. The customer loyalty theory contends that customer loyalty formation involves two stages: the cognitive and the behavioural (Oliver, 1999; Ramanathan et al., 2017). At the cognitive stage, customers develop attitudes towards the retail service quality dimensions of physical aspects, reliability, personal interactions, policies, and problem-solving (Deb and Lomo-David, 2014). The measurement of the influence of retail service quality on customer loyalty used the Retail Service Quality Scale (RSQS), pioneered by Dabholkar et al. (1996). RSQS was used rather than SERVQUAL, RATER, or any other quality model because it perfectly captures the uniqueness of service quality in retail supermarkets by considering both service and goods to conceptualise customers' perceptions of service quality (Mehta, Lalwani and Han, 2000; Musasa and Tlapana, 2023).

2.2 Physical Aspects and Customer Loyalty

According to Dabholkar et al. (1996), physical aspects focus on explaining issues related to store appearance and the convenience of store layout. Physical aspects, including the store's design, are important in creating a positive shopping atmosphere, which in turn leads to better consumer relationships (Elbers, 2016). The store's physical environment is important in encouraging patronage.

Further, it is understood that a design that eliminates the possibility of a crowded store is attractive to shoppers (Gogoi, 2017). Likewise, as part of the physical aspects, consumers consider factors such as décor, scents, lighting, music, noise, illumination, crowding, temperature, and colours (Sharma & Patra, 2021; Chatzoglou et al., 2021). Retail stores must have an immersive design that generates a 'wow effect' through unusual, remarkable interior architecture that excites customers and gives them a sense of satisfaction (Bonfanti & Yfantidou, 2021). The retail store's atmospheric environment should also consider the arrangement of merchandise to facilitate easy accessibility and inter-brand comparisons for shoppers. Shoppers also value the convenience and availability of parking facilities, as well as quick, hassle-free checkouts (Deka, 2016). As part of retail store layout, the issue of convenience should also take into account that customers are under time and cost pressure, such that the closer the store, the greater the likelihood of buying from the given store (Mafini & Dhurup, 2015). Likewise, customers are attracted to retail stores that are visually appealing, clean, and convenient, and that exude confidence by executing error-free transactions (Singhal, 2016). Based on the foregoing discussion, the following hypothesis was developed;

H1: Supermarket's physical aspects positively influence the formation of customer loyalty.

2.3 Reliability and Customer Loyalty

Dabholkar et al. (1996) defined reliability as a retailer's propensity to keep its promises and do things right. A retailer is considered reliable if they deliver on time and provide service promptly (Siu & Cheng, 2001). Further, the reliability of retail stores is vindicated by the quality of merchandise they carry, the variety of products, the number of brands in the same product category, and the ability to obtain quality products at the lowest cost (Deka, 2016). Also, shoppers regard a supermarket's reliability as defined by the availability of backup services and the tailoring of business hours to match customer requirements (Chiliya et al., 2009). The reliability of products and services offered by retail supermarkets affects customer loyalty behaviour (Kumar, 2019; Zia, 2020). Thus, the study hypothesised the following;

H2: Reliability of retail supermarkets' services and products positively influences the formation of customer loyalty.

2.4 Personal Interaction and Customer Loyalty

Personal interaction explains the extent to which employees of a retail store are courteous and helpful, and inspire confidence and trust in customers (Dabholkar et al., 1996). According to Siu and Cheng (2001), personal interaction embodies, among other things, the employee's behaviour that instils confidence, the employee's knowledge, the employee's ability to provide prompt service to customers, individual attention, and the practice of telling the customer exactly what will be performed. Personalisation has also been shown to be an important factor in providing customers with a happy shopping experience. Personalisation during interaction is exemplified by personalised communication on birthdays and anniversaries, special treatments, gifts for special occasions, and employees' courteous behaviour during customer interactions (Deka, 2016; Channa et al., 2020). In addition, personal interaction involves providing prompt and accurate quotations and ensuring employees are never too busy to respond to customers (Yuen & Chan, 2010). Furthermore, employees' service quality is considered valuable to customers in the current business climate (Butt et al., 2023). Personal interaction, or the customer-to-employee relationship, contributes significantly to customer loyalty (Guenzi and Pelloni, 2004; Terblanche, 2017). Also, Kumar (2019) validated that customer loyalty is derived from pleasant personal interactions. Hence, the study hypothesised as follows;

H3: Personal Interactions in supermarkets positively influence the formation of customer loyalty.

2.5 Problem Solving and Customer Loyalty

Problem solving addresses issues related to employees' ability to handle potential problems, such as complaints, returns, and exchanges (Dabholkar et al., 1996). Yuen and Chan (2010) contend that

problem solving includes aspects such as the immediate and direct handling of complaints and expressing an interest in solving shoppers' problems. The way retailers handle problems and complaints is crucial because customers are sensitive to how service providers attend to them (Hemalatha, Jagannathan, and Ravichandran, 2010). Problem-solving that involves resolving customers' queries is paramount to building long-term relationships (Bahadur, Aziz and Zulfiqar, 2018). The problem-solving ability of frontline workers in retail supermarkets has been shown to positively influence customer loyalty (Sirdeshmukh, Singh and Sabol, 2002; Balaji et al., 2018). Therefore, the study hypothesised as follows;

H4: Problem Solving in supermarkets positively influences the formation of customer loyalty.

2.6 Policy and Customer Loyalty

This dimension of retail service quality encompasses aspects directly influenced by the retailer's policy (Dabholkar *et al.*, 1996). Under this dimension of service quality are aspects such as operating hours, acceptance of a variety of payment options, parking, store charge cards, and the provision of after-sales services (Siu & Cheung, 2001; Yuen & Chan, 2010; Zia, 2020). Furthermore, policy is regarded as an important service dimension that contributes significantly to the development of customer loyalty (Siu & Cheung, 2001). A pleasant operating policy of a retail store positively influences customer loyalty (Sivaplan et al., 2022). Thus, the study hypothesised as follows;

H5: Supermarket policies positively influence the formation of customer loyalty.

3.0 Research Methodology

3.1 Sampling and Procedures

This study was conducted to test for causation between the factors that customers and shoppers prioritise so that they can develop a positive outlook on retail supermarkets that enhances loyalty levels. The population of this study consists of active shoppers across various supermarkets. The study used a two-stage sampling method. First, the study purposely selected retail supermarkets from which to draw sample elements. Thereafter, the sample elements from each selected supermarket were randomly selected. The data were collected from various supermarkets in Dar es Salaam. The selected supermarkets for data collection were Shopper's (Mlimani City and Mikocheni), Viva Supermarket, and Village Supermarket, all found in Dar es Salaam. The study collected data using a questionnaire from 400 shoppers across the established data-collection areas. The questionnaires were distributed equally to the four supermarket establishments, implying that 100 questionnaires were distributed to each of the pre-selected supermarkets. Data were collected from shoppers visiting retail outlets on weekends, as it is believed that walk-ins are high and shoppers don't shop under pressure, thus affording them time to respond objectively to questionnaires. Questionnaires were administered when customers finished their shopping. During data collection, the 400 shoppers answered the questionnaire questions independently. The collected questionnaires were cross-checked for completeness, and 390 questionnaires were retained for further analysis. The demographic details (Table 1) of respondents show that 54% of respondents were female and 46% were male. The questionnaire was developed by considering the RSQS scale proposed by Dabholkar (1996) and incorporating a few adjustments based on the conceptual literature review for this study. The adjustments were made to the RSQS model to reflect both current changes in retail business, especially in the supermarket sector, and the Tanzanian context.

Table 1. Descriptive Demographic Statistics

	Description	Frequency	Percentage (%)
Gender	Male	184	47.2
	Female	206	52.8
Age	Less than 35	346	88.7
	35 and above	44	11.3
Education Level	Primary Education	04	1
	Secondary Education	19	4.9
	Ordinary Diploma	92	23.6
	Bachelor's Degree	221	56.7
	Master's Degree	54	13.8

3.2 Measurement and Analytical Procedures

The adapted RSQS scale from Dabholkar et al. (1996) consisted of 28 questions measured on a 5-point Likert scale (1: Strongly Agree; 5: Strongly Disagree). The variables defined by the RSQS model represent the independent variables in this study. Also, customer loyalty, a dependent variable in this study, was measured on a 5-point Likert scale. The latent and measured variables for the study, along with their respective sources, are shown in Table 2 below. The collected data were analysed using partial least squares structural equation modelling to test the hypotheses. PLS-SEM was used because it aligns well with the study's objective and predicts the effect of retail service quality on customer loyalty (Hair et al., 2016).

Table 2. Study Variables

Variable	Description	Sources
Personal Interaction	PI1 Courteous supermarket staff	Dabholkar <i>et al.</i> (1996), Siu and Cheng (2001), Deka (2016), Chiliya <i>et al.</i> (2009)
	PI2 Prompt responding staff	
	PI3 Accurate responding staff	
	PI4 Non-pre-occupied staff	
	PI5 Attentive listening staff	
	PI6 Detailed response from staff	
Policy	PO1 Feeling safe and secure during shopping	Dabholkar <i>et al.</i> (1996), Siu & Cheung (2001), Yuen & Chan (2010), Zia (2020)
	PO2 Longer working hours of supermarkets	
	PO3 Variety of payment methods or options	
	PO4 Issuance of membership cards or shopping vouchers	
	PO5 Provision of after-sales services	
	PO6 Provision of spacious, free or low-cost parking facility	
Physical Aspects	PA1 Exciting and attractive shopping facilities and atmosphere	Dabholkar <i>et al.</i> (1996), Gogoi (2017), Sharma & Patra (2021), Chatzoglou <i>et al.</i> (2021), Noskova & Romanova (2015), Mafini & Dhurup (2015)
	PA2 Shopping environment is clean and tidy.	
	PA3 Shopping areas have good fragrance and decoration.	
	PA4 Convenient product display facilities	
	PA5 Easy product quality and price comparison facilities	
	PA6 Sufficient lighting system around shopping areas	
	PA7 Absence of overcrowding and queueing during payment	
	PA8 Supermarkets are found near customers' residences.	
Reliability	RE1 Selling genuine and superior quality products	Dabholkar <i>et al.</i> (1996), Siu & Cheng (2001), Deka (2016), Chiliya <i>et al.</i> (2009)
	RE2 Selling products of different varieties	
	RE3 Presence of contingency or backup products and services	
	RE4 Getting good quality products at reasonable prices	
Problem Solving	PS1 Readiness to listen to customer problems and complaints	Dabholkar <i>et al.</i> (1996), Yuen and Chan (2010), Hemalatha,
	PS2 Good system of receiving and handling complaints	

Variable	Description	Sources
Customer Loyalty	promptly	Jagannathan, and
	PS3 Good system of returning unsatisfactory product	Ravichandran (2010)
	PS4 Good system of exchanging defective product	
	CL1 Prioritising shopping from supermarkets	Karatepe (2006),
	CL2 Frequent shopping from supermarkets	Channe <i>et al.</i> (2020),
	CL3 Positive feelings and positive words about supermarkets	Reichheld (2003),
	CL4 Recommending supermarket shopping to peers	Gogoi (2017), Adeola
	CL5 Making unintentional or impulsive purchases from supermarkets	<i>et al</i> (2023)

4.0 Results

To test the study's hypotheses, Partial Least Squares-Structural Equation Modeling (PLS-SEM) was used. PLS-SEM algorithm dictates that the measurement model be tested before the related hypotheses are assessed through the structural model.

4.1 Measurement Model Assessment

The study assessed the adequacy of the measurement model by considering indicator reliability, internal consistency reliability, composite reliability, convergent validity and collinearity statistics. To test indicator reliability, the study used the outer loadings of the construct items (Hair *et al.*, 2012). Items of the constructs that are retained are those with at least 0.7 outer loadings. To this end, the study dropped three items (convenient location-PA8, working hours-PO2, and impulsive purchasing-CL5) because their loadings were less than 0.7. The study tested for internal consistency using Cronbach's Alpha and composite reliability. The study determined that for both Cronbach's Alpha and composite reliability, the minimum acceptable score is 0.7 (Nunnally and Bernstein 1994; Hair *et al.*, 2011). Convergent validity was tested using the Average Variance Extracted (AVE) as proposed by Fornell and Lacker (1981). According to Chin (1998), acceptable AVE values are above 0.5, and the constructs of this study met this criterion. Furthermore, collinearity diagnosis was conducted using the variance inflation factor (VIF). The rule of thumb suggests that VIF values greater than 5 indicate multicollinearity (Kim, 2019). The VIF values for the independent constructs in this study were all less than 5, suggesting the absence of multicollinearity. The study also tested for discriminant validity. To assess discriminant validity, the study used the Fornell and Larcker criterion due to its widespread use and the lack of additional empirical evidence (Hamid, Sami and Sidek, 2017). Using the Fornell and Larcker criterion, discriminant validity exists when there is a lower degree of correlation among the constructs of the study (Seema, Choudhary and Saini, 2021). The results of the discriminant validity assessment for the studied pair of constructs are enumerated in Table 3 below;

Table 3. Measurement Model Assessment

	Cronbach's Alpha	Composite Reliability	Convergent Validity (AVE)	VIF	CL	PA	PI	PO	PS	RE
CL	0.849	0.851	0.689	N/A	0.830					
PA	0.911	0.913	0.653	3.136	0.494	0.808				
PI	0.885	0.892	0.636	2.234	0.493	0.584	0.797			
PO	0.845	0.851	0.618	3.423	0.547	0.774	0.698	0.786		
PS	0.836	0.862	0.666	2.206	0.523	0.605	0.647	0.65	0.816	
RE	0.857	0.860	0.700	2.578	0.551	0.738	0.555	0.687	0.635	0.837

4.2 Structural Model

After conducting a measurement model assessment and finding it adequate, the study proceeded to assess the structural model to test the study hypotheses. First, the study established the goodness-of-fit measure

for the overall model using the standardised root mean square residual (SRMR). The analysis produced an SRMR value of 0.076. The SRMR value indicates that the model is a good fit, as it is less than 0.08 (Hu and Bentler, 1999). The study reported an R² value of 0.385. According to Cohen (1992), R² values exceeding 26% are regarded as substantial. Therefore, the structural model (Figure 1) is a good fit because it is supported by sufficient empirical and statistical evidence from path coefficients and coefficients of determination.

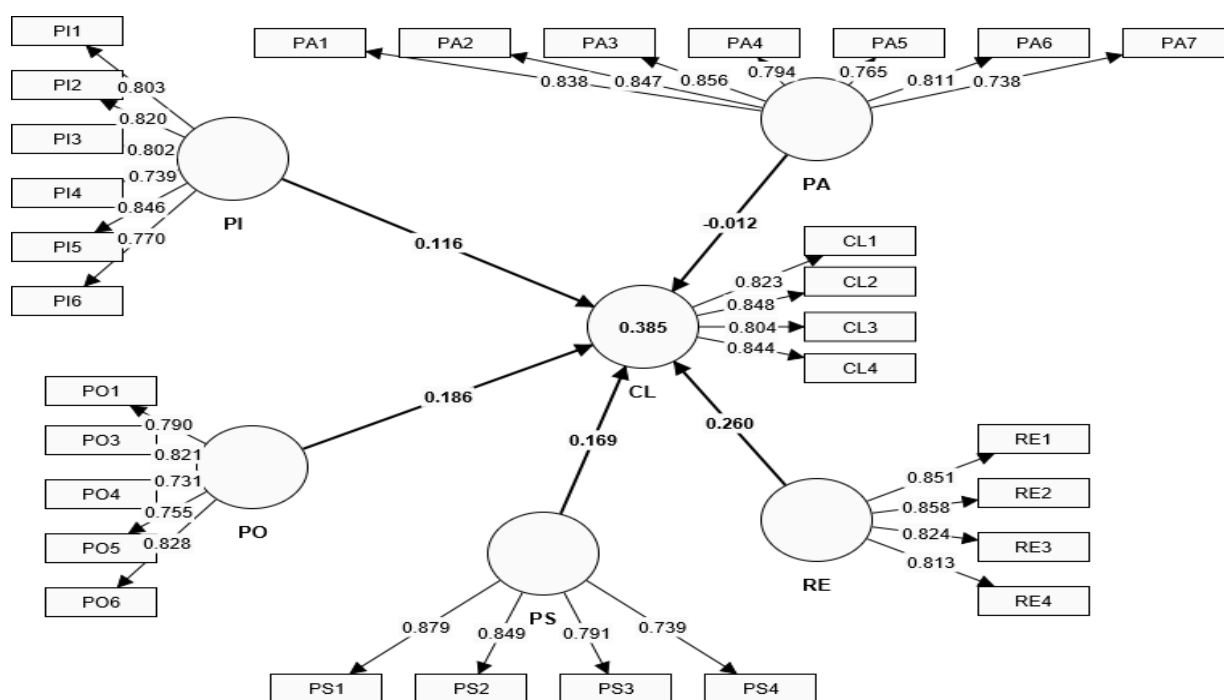


Figure 1. Structural Model

Finally, the study assessed the model's predictive validity using PLS-SEM. The assessment of predictive validity addressed the critical question of whether the antecedent variables actually predict the consequent variable (Cepeda *et al.*, 2016). The study followed the procedure proposed by Shmueli *et al.* (2016) to obtain *k*-fold cross-validated prediction error and prediction error summary statistics (root mean square error - RMSE and mean absolute error - MAE) to examine the predictive validity of the path model for indicators and constructs. First, the study assessed the Q² value, which compares the prediction error of the PLS path model with that of simple mean predictions (Felipe *et al.*, 2017). The rule of thumb suggests that predictive relevance exists when Q² is positive (Stone, 1974). The result in this study shows that Q² = 0.354, indicating smaller prediction error in PLS-SEM compared with using mean values. Thus, the model has good predictive validity. Thereafter, the study compared the results of PLS-SEM and the linear regression model (LM) to assess the model's predictive validity further. There is predictive relevance when the PLS-SEM RMSE values are smaller than the LM RMSE, which produces a negative PLS-LM RMSE. The comparison of error terms was based on RMSE values because the procedure requires checking the symmetric distribution of the error terms of endogenous indicators. When the distributions are symmetric, RMSE is used. The error values (RMSE) in the PLS-LM model show that CL2 produced a positive difference, meaning that RMSE in PLS-SEM was larger than the corresponding values in LM-RMSE. The Q² values for the endogenous indicators were less than 0.35 (Hair *et al.*, 2011), and the PLS-LM RMSE showed a positive difference, indicating that the model has medium predictive power. The results of the model's predictive relevance assessment are shown in Table 4.

Table 4. Predictive Relevance Assessment

	Q ²	PLS-SEM RMSE	LM RMSE	PLS-LM RMSE
CL1	0.217	0.887	0.891	-0.004
CL2	0.278	0.918	0.91	0.008
CL3	0.229	0.841	0.864	-0.023
CL4	0.252	0.943	0.959	-0.016

This study consisted of five hypothesis statements. The hypothesis statements were tested using the structural model, with bootstrapping applied. The results for *H1* were not significant ($p = 0.107$). Thus, *H1* was not supported. The results for *H2* were significant ($\beta = 0.186$, $t = 2.289$, $p = 0.022$) and therefore, *H2* was not supported. Results show that *H3* was not supported due to an insignificant p-value ($p = 0.880$). The results support *H4*, as evidenced by the statistically significant $\beta = 0.260$ ($t = 3.906$, $p = 0.000$). Also, *H5*, which stated that there is a significant positive effect of problem-solving on customer loyalty, was supported by statistically significant findings ($\beta = 0.169$, $t = 2.565$, $p = 0.010$). Table 5 below presents the detailed results of hypothesis testing through the structural model.

Table 5. Structural Model Assessment of Path Coefficients

Hypothesis	Relationship	Beta	t statistics	P-Values	Decision
<i>H1</i>	PI → CL	0.116	1.612	0.107	Not supported
<i>H2</i>	PO → CL	0.186	2.289	0.022	Supported
<i>H3</i>	PA → CL	-0.012	0.151	0.880	Not supported
<i>H4</i>	RE → CL	0.260	3.906	0.000	Supported
<i>H5</i>	PS → CL	0.169	2.565	0.010	Supported

Where: PI – Personal Interactions, PO – Policy, PA – Physical Aspects, RE – Reliability, PS – Problem Solving

5.0 Discussion

The study's principal objective was to assess the effect of service quality levers in retail supermarkets on customer loyalty in Tanzania. The results of this study have shown that reliability, policies, and problem-solving determine customer loyalty to retail supermarkets. This suggests that, more than anything, customers want reliable customer service, good supermarket policies, and effective solutions to their shopping-related problems to encourage them to remain loyal to a retail supermarket. Customers develop loyalty when supermarkets in Tanzania offer reliable services and products, including a variety of high-quality offerings. Moreover, customers develop loyalty when retail supermarkets have frontline staff who are ready to listen to customer complaints and problems, as well as effective systems for handling them. These findings are consistent with those of Venkateswaran and Sundram (2021), Bahera et al. (2021), and Tlapana (2020), who all found that reliability and problem-solving are pivotal elements towards customer loyalty.

Unconventionally, this study found that physical aspects and personal interaction have no significant effect on customer loyalty. This means that improvements in physical aspects and personal interactions are the least important to customer loyalty. The findings on physical aspects contradict those of Banik and Gao (2023), Mittal, Tanwar and Kaushik (2013), and Adam et al. (2022), who found that customers highly value retail store aesthetics, appearance, and physical aspects during their shopping experience. Also, the finding that personal interactions have an insignificant influence on customer loyalty is supported by Zia (2020) and Surhatanto et al. (2019), who reported that increased personal interaction is detrimental to customer loyalty. Lastly, the significant effect of policy on customer loyalty is supported by a study by Sivaplan et al. (2022).

The study conceptualised, from the very beginning, that service quality perceptions in Africa differ markedly even among proximate countries due to cultural pluralism. Thus, service quality perceptions

should be regarded as contextual. The contextual nature of service quality perception has been validated in this study, as the significant variations in service quality variables found in this study were not significant in other studies. This variation in service quality dimensions is supported by Diallo et al. (2018), who argued that these dimensions may differ across countries. Physical aspects were deemed insignificant in influencing customer loyalty, but Adeola et al. (2023) found that the mall environment is significant in this context. Additionally, this study found that personal interactions were not significant in influencing customer loyalty. This means that shoppers prefer discrete shopping with minimal interactions with supermarket staff. This change from enjoying pleasant interactions to preferring discrete shopping is more of a contextual change. This narrative is supported by the findings of Sheth (2020), who argued that, post-COVID, as consumers revert to old habits, their shopping behaviour is likely to be modified.

6.0 Conclusions

Among the rationales for conducting this study was the recent downturn and eventual shutdown of supermarket operations in Tanzania. The downturn and mothballing of operations by mostly multinational supermarkets raised the question of whether supermarket managers understand the retail service quality components that influence loyalty in the Tanzanian setting. Because most of the supermarkets that mothballed operations are multinational, this suggests that supermarket managers are duplicating service strategies from other countries in Tanzania. Duplicating strategies in Africa, which is a continent that is multicultural and multifaceted, is fatal to operational success. The findings in this study explicitly inform supermarket managers that, when designing supermarket operations in the Tanzanian context, the retail service aspects that are significant for fostering loyalty are operating policy, problem-solving, and service reliability. Building on these three fundamental components, supermarkets can retain customers, increase their chances of financial success, and reduce the risk of mothballing operations in Tanzania.

7.0 Limitations and Future Research

This study limited its scope to understanding Tanzania's customers' perceptions of supermarket service quality that entices them to become loyal customers. Nevertheless, the study limited itself to analysing a simple direct effect between service quality and customer loyalty, without any mediating or moderating factors. Thus, future research can be conducted in Tanzania's retail supermarket context, incorporating various mediators and moderators to assess how mediated or moderated aspects of service quality influence customer loyalty.

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