

Aluncedo Nqunqa¹
Steven Kayambazinthu Msosa²
*Mangosuthu University of Technology,
Faculty of Management Sciences, Durban, South Africa*

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ASSESSING THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN THE SOUTH AFRICAN RETAIL SECTOR

Abstract

This study examined the relationship between customer satisfaction and customer loyalty in the South African retail sector. A quantitative and descriptive research design was used to collect data from a convenience sample of 150 respondents. Data were analysed using the Statistical Package for Social Sciences (SPSS). The results show a significant positive correlation between customer satisfaction and loyalty, highlighting the importance of quality service, product offerings, and store atmosphere. The findings also reveal that customers prioritize convenience, affordability, and customer support when evaluating retail experiences. The study's outcomes have practical implications for retailers, emphasizing the need to prioritise customer-centric strategies to foster loyalty and retention amongst customers. By comprehending the factors that drive customer satisfaction, retailers can tailor their services to meet the unique needs of their customers. This research contributes to the extant body of literature on customer satisfaction and loyalty, providing insights specific to the retail sector in South Africa. Overall, this study underscores the significance of customer satisfaction in cultivating loyalty amongst customers in the retail sector, thereby informing strategies to enhance customer experiences and drive business success.

Key words: Customer satisfaction, customer loyalty, retail sector, South Africa, products, services.

JEL classification: L15, M300, M31, G21.....

ПРОЦЕНА ОДНОСА ИЗМЕЋУ ЗАДОВОЉСТВА И ЛОЈАЛНОСТИ КУПАЦА У СЕКТОРУ МАЛОПРОДАЈЕ ЈУЖНЕ АФРИКЕ

Абстракт

Ова студија је испитала однос између задовољства купаца и лојалности купаца у јужноафричком малопродајном сектору. Квантитативни и дескриптивни дизајн истраживања коришћен је за прикупљање података са практичног узорка од 150 испитаника. Подаци су анализирани коришћењем Статистичког пакета за друштвене науке (СПСС). Резултати показују значајну позитивну

¹ anqunqa752@gmail.com, ORCID ID 0009-0004-7773-4165

² msosa.steven@mut.ac.za, ORCID ID 0000-0001-9074-5644

корелацију између задовољства купаца и лојалности, истичући важност квалитетне услуге, понуде производа и атмосфере у продавници. Налази такође откривају да купци дају предност погодностима, приступачности и корисничкој подршци када процењују малопродајна искуства. Резултати студије имају практичне импликације за трговце на мало, наглашавајући потребу да се дају приоритет стратегијама усмереним на купца како би се подстакла лојалност и задржавање међу купцима. Разумевањем фактора који утичу на задовољство купаца, трговци на мало могу да прилагоде своје услуге тако да задовоље јединствене потребе својих купаца. Ово истраживање доприноси постојећој литератури о задовољству и лојалности купаца, пружајући увиде специфичне за малопродајни сектор у Јужној Африци. Све у свему, ова студија наглашава значај задовољства купаца у неговању лојалности међу купцима у малопродајном сектору, на тај начин информишући стратегије за побољшање корисничког искуства и подстицање пословног успеха.

Кључне речи: задовољство купаца, лојалност купаца, малопродајни сектор, Јужна Африка, производи, услуге.

Introduction

Nowadays, customer satisfaction is essential since it shows whether a company's target market approves a business's product or service. According to research, a high level of customer satisfaction leads to the retention of customers and a strong brand reputation (Franklin, 2023). A company's profitability is positively influenced by customer loyalty, and its profit margin may increase in line with the number of loyal customers. In reality, satisfied customers tend to be more receptive to service providers' relationship marketing efforts, as enhanced customer satisfaction increases the likelihood of potential customers returning in the future. However, customer satisfaction cannot guarantee customers' repeat purchases or the return of potential customers, but it can play a significant role in encouraging customer loyalty (Zephan, 2018). Khairawati (2019) states that a company's ability to retain customers is one of the company's strengths, but sadly, many businesses are unaware that building customer loyalty commences at numerous points, from finding potential clients to developing devoted clients who benefit the business. Customer satisfaction is a critical component or leading indicator for every organization to grow and develop a loyal customer base. As a result, it is critical for businesses to ensure that the needs of customers are attended to. In this 21st century, many businesses are established to compete with one another (Ranabhat, 2018) and how organisations treat or satisfy customers becomes a mark of distinction. Ahlawat (2022) asserts that customer loyalty is a key outcome of relationship marketing, which corresponds with variables such as customer satisfaction, customer expectations and service quality perceptions. Thus, the failure to meet implied expectations, issues with quality and issues with customer services affects customer satisfaction and customer loyalty negatively (Fuchs, 2022). Hotjar (2022) affirms that challenges with customer satisfaction may arise because of ineffective customer services or poor communication with customers, or a negative product experience that prevents buyers from returning. Customers who encounter a

negative experience with a company or company's goods or services are more likely to leave the company. Therefore, companies should ensure that they regularly evaluate customer satisfaction so that they can develop strategies aimed at changing their customers' behavioural intentions. Amha (2020) avers that ensuring client satisfaction should be the primary goal of any business organisation. Customer dissatisfaction affects companies in many different ways since consumers do not buy from untrusted businesses. In the long-run, this negatively impacts companies not only in terms of revenue and sales, but also in terms of a negative company reputation (Longe, 2022).

The aim of this study is to examine the relationship between customer satisfaction and customer loyalty in the South African retail sector. The paper is structured as follows; after the introduction, the first part discusses the theoretical framework that guided this study with specific reference to expectancy disconfirmation and assimilation theory, customer satisfaction, customer loyalty and the relationship between customer satisfaction and customer loyalty. This is followed by the methodology that guided the study, the discussion of results and ends with the conclusion of the study.

Theoretical background and Literature review

This study is based on the Expectancy Disconfirmation Theory and Assimilation Theory. The Expectancy Disconfirmation Theory states that consumers evaluate goods and services based on their preconceived notions about the features or advantages that the good or service will provide (Van Ryzin, 2006). For more than fifty years, the dependent factor called customer satisfaction has become the most essential issue in marketing. Thus, outcomes are compared against expectations once the product or service has been purchased, and disconfirmation occurs when there are differences between expectations and outcomes (Vigneshwaran & Mathirajan, 2021). If disconfirmation is measured as the difference between performance and expectation, the score is a linear function of its predecessors, which implies that regression analysis cannot access the linear relationship between the derived operationalization of disconfirmation and antecedents. Regarding global satisfaction predictions or global perceived service quality, the different scores do not produce superior results than those obtained using subjective measures (Isac & Rusu, 2014).

The Expectancy Disconfirmation Theory posits that consumers form judgments about products or services based on their prior expectations about the characteristics or benefits offered by the given goods or services (Oliver, 1980). On the other hand, the Assimilation Theory proposes that customers attempt to adjust their expectations to bring them closer to the product's actual performance (Macri, 2020). The Assimilation Theory is predicated on the Dissonance Theory according to which consumers of a particular product compare expectations of the product and consequently the preserved performance of the product quite intellectually (Jumawan, 2021). The Assimilation Theory has several issues. The theory assumes that expectation and satisfaction are interconnected; however, it fails to elucidate how expectation disconfirmation can result in either satisfaction or dissatisfaction. Moreover, the theory suggests that consumers possess sufficient motivation to adjust their expectations or perceptions concerning the product's performance. Previous scholars have observed that controlling the actual performance of a product can lead to a positive correlation between customer satisfaction and expectations. Therefore, it appears that dissatisfaction can only

arise if the assessment procedures begin with unfavourable customer expectations (Isac & Rusu, 2014).

Customer Satisfaction

Customer satisfaction is the feeling of a consumer after comparing the perceived performance or outcome of a product to their expectations and determining whether they are satisfied or dissatisfied. Customer satisfaction is essential because satisfied customers contribute to customer retention (Raitaluoto, 2023). According to Ginting et al. (2023), it is also a leading indicator of re-purchase intentions and customer loyalty. Thus, the establishment of a trustworthy relationship between a company and consumers is vital since it has a significant impact on customer loyalty (Rane et al., 2023). Extant research has shown that developing customer loyalty is the most favoured strategy to gain a competitive advantage and enhance the company's medium and long-term profitability (Ahlawat, 2022). Bengtsson et al., (2020) state that the term 'customer satisfaction' can be defined as a consumer fulfilment reaction in which customers feel satisfied with the goods or services acquired or purchased. Therefore, it is a measurement of how pleased consumers are with the goods and services provided by a business. Some of the factors or elements of customer satisfaction include the quality, value and expectations that a customer has regarding a business and the goods or services the business offers (Indeed Editorial Team, 2022). Franklin (2023) further states that customer satisfaction is a measure of how well a company's goods and services and customer experience live up to customer expectations. Patil and Rane (2023) aver that customer satisfaction and customer experience can influence customer retention and customer loyalty, as well as positive word-of-mouth. Thus, for a business to attract customers and get repeat business, it is important to focus on customer satisfaction. Customer satisfaction assists in retaining customers, which is much cheaper than acquiring new customers. Similarly, providing excellent customer service is a major motivator for referrals and word-of-mouth marketing. This means that delivering a great customer experience affects business reputation positively (Lumoa, 2023).

Fuller (2022) contends that customer loyalty and business expansion are driven by customer satisfaction. Hence, customers will be highly satisfied if businesses provide high-quality products and well-organized customer support services that are designed to meet customer needs. Indeed Editorial Team (2022) proclaims that customer satisfaction improves customer lifetime value (CLV). Moreover, customer satisfaction can be a key driver of business growth since it assists businesses in increasing customer lifetime value (CLV), which is the total sum of money that customers spend on business goods and services over a customer's lifetime. Generally, businesses can increase CLV by giving customers a satisfying experience (Raitaluoto, 2023). Dikshya (2023) indicates that customer satisfaction and all business operations must be continually enhanced in order for a business to continue operating successfully.

Customer Loyalty

Customer loyalty is the most essential aspect to run the business smoothly. Customer loyalty refers to a company's ability to build enduring relationships with customers and also achieve rewards in interacting with customers (Ranabhat, 2018). Painter (2023) states that customer loyalty is when customers reward a company with repeat purchasing. Loyal customers always choose to do business with a certain company and defend the company against competitors. For a company to gain customer loyalty, it needs to provide an experience that encourages customers to come back.

Enhancing customer loyalty is essential for a company's success and it can be impacted by various factors, namely customer satisfaction, quality of services, customer relationship management, and the experience of customers (Rane et al., 2023). Loyal customers always stay with one product or supplier and also refer others to the product or supplier. The three most significant factors that influence customer loyalty to a particular business are whether the goods and services are considered under the preferences of consumers; whether goods and services are evaluated under customer value; and whether the customers' perceptions, experiences and beliefs about the company are highly valued (Ranabhat, 2018). Customer loyalty is one of the most crucial goals that businesses desire to achieve, and well-established customer loyalty provides a great competitive advantage (Arslan, 2020). Imran (2019) mentions that customer loyalty is the indicator of the trust that a business earns from customers by establishing and maintaining mutually beneficial relationships. Customer loyalty has two dimensions, namely attitudinal and behavioural loyalty (Agyeiwaah et al., 2021).

Customer loyalty is a multi-dimensional concept consisting of attitudinal and behavioural loyalty. Attitudinal loyalty is the degree of commitment processed by customers in order to maintain loyalty to a brand. Thus, customers that exhibit attitudinal loyalty will be immune to competitors; recommend products or services to others; and remain devoted to being loyal customers who will make further purchases in future (Halim & Simamora, 2023). Attitude-based loyalty is described as a deeply held commitment to re-purchase or patronise a preferred product or service consistently in the future, resulting in repetitive purchases of the same brand despite the possibility of switching behaviour due to situational influences and marketing efforts (Saini & Singh, 2020). A customer that demonstrates attitudinal loyalty will have a preference for the brand above competitors, have a positive perception of the brand, and be emotionally and functionally satisfied. In addition, the highest levels of attitudinal loyalty are characterised by a feeling of belonging and genuine brand commitment (Cagnin & Nicolas, 2022). Attitudinal loyalty is psychological and triggers customers to influence another's perspectives by comparing the value and benefits they received from their purchases. Thus, consumer preferences and attitudes are not an independent phenomenon created in a vacuum (Svensson & Lundberg, 2022).

Behavioral loyalty refers to the level at which customers consistently make purchases from a certain company over an extended period of time. Brand trust and behavioural loyalty are closely related because brand trust encourages repeat purchases; builds a sense of dependability; enhances customer lifetime value; and generates positive word-of-mouth (Na et al., 2023). Another school of thought suggests that behavioural loyalty refers to the actions of consumers who consistently purchase from a specific

company, thereby demonstrating their loyalty. Consumers express their loyalty towards a company through repeated purchases (Hermantoro & Albari, 2022). This implies that customers utilise certain products or services on a regular basis (Williams, 2018). Indicators of behavioural loyalty include re-purchasing products, continuing the product as a main option, and encouraging the product to be used even more (Widodo & Jauhari, 2023). The advantages of obtaining behavioural loyalty are that once behaviour becomes habitual through repeated past experiences, it becomes relatively free of cognitive appraisal (Svensson & Lundberg, 2022).

Relationship between customer satisfaction and customer loyalty

Customer satisfaction and customer loyalty have a virtually intuitive relationship. Thus, companies could easily turn satisfied customers into loyal customers based on a positive purchasing experience. A customer's decision to stay loyal depends on customers' level of satisfaction with the goods and services provided (Abu-Alhaija et al., 2019). Zephan (2018) further states that the concepts 'customer satisfaction' and 'customer loyalty' are closely related, hence it is essential to comprehend the relationship that exists between the concept of customer satisfaction and customer loyalty as these two play a crucial part in the success of any business. The role of customer satisfaction in loyalty demonstrates that satisfaction is the key determinant of loyalty. Hohenberg and Taylor 2021 (2019) claim that customer satisfaction is a measurement of a customer's attitude toward a good, service or a brand, whereas customer loyalty refers to a collection of behaviours and attitudes that shows a customer's loyalty to a company, product or service, such as selecting a certain company over a competitor and then engaging in repeat purchases. Zephan (2018) asserts that customer satisfaction provides an understanding of how much the product or service satisfies the expectation of the customer, while customer loyalty is influenced by various factors such as product and quality services.

According to Minta (2018), customer satisfaction has been one of the crucial aspects that managers should focus on, hence some studies have confirmed the connection between customer satisfaction and customer loyalty. Satisfaction is the main variable in learning buying behaviour and in creating habits that lead to loyalty. Customer satisfaction and customer loyalty both aim to assess the state of a business's relationship with customers (Darmayasa & Yasa, 2021). Sharma et al. (2020) state that the relationship between customer loyalty and customer satisfaction influences profits because a highly satisfied customer will spread favourable word-of-mouth, and a loyal customer leads to both sales and profitability in business. Cleave (2023) asserts that in order to improve customer loyalty and customer satisfaction, businesses need to communicate effectively, exceed expectations, reward customers who are loyal, and utilise metrics to improve business.

In a study conducted in Indonesia, Adam et al. (2020) found that customer satisfaction is another factor that strengthens customer loyalty. Zephan (2018) claims that customer satisfaction and customer loyalty must be incorporated together to achieve the desired goals of the business, which are profitability and market share. Satisfaction is an essential indicator of devotion and repeat purchasing. Minta (2018) highlighted that customer loyalty depends to a greater extent on the level of satisfaction derived from the business's services or products. Alain et al. (2021) have noted that it is impossible to have loyalty without satisfaction.

Dam and Dam (2021) claim that some studies have confirmed the relationship between customer loyalty and customer satisfaction. Abu-alhaija et al. (2019) found that satisfaction is considered as one of the antecedents of customer loyalty. Based on the above discussion, the following hypothesis is developed:

H1: Customer satisfaction has a positive and significant relationship with customer loyalty in the South African retail sector

Methodology

This study adopted a quantitative descriptive cross-sectional research design. A research design refers to a framework employed in conducting a study in order to address the research questions or test hypotheses. It entails outlining the overall approach and procedures that will be employed for data collection and analysis (Singh & Jassi, 2023). The three primary types of research designs are causal, descriptive and exploratory (Sreejesh et al., 2014). For this study, a descriptive research design was adopted, which is a research method that outlines the features of the population or phenomenon under study (Manjunatha, 2019). The goal of descriptive research is to uncover answers to the what, when and where questions (Cobanoglu, 2023).

In this study, a probability sampling technique known as simple random sampling was used in order to make sure that the respondents are representative of the larger group and to draw conclusions about the population generally. Its simplicity in selecting respondents and unbiased judgment are two of its major advantages (Horton, 2024). The sample size for this study was 150 respondents since it was anticipated that their input would be sufficient to determine the results. This study employed a self-administered questionnaire as a tool for data collection, and a Likert Scale ranging from strongly agree represented by 1 to strongly disagree represented by 5 was used to gauge customers' feelings on satisfaction and loyalty constructs. For analysis purposes, the Likert Scale was collapsed into three viz. agree, disagree and uncertain. The questionnaire design incorporated the customer satisfaction and customer loyalty scales. The customer satisfaction scale was adapted from Uzir et al. (2020) whereas the customer loyalty scale was adapted from Bobâlcă et al. (2012). Descriptive and inferential statistics were used to analyse data. The Statistical Package for the Social Sciences (SPSS) version 30 was utilised to analyse the data.

Research results and Discussion Characteristics of the sample

As illustrated in Table 1, the sample characteristics of the respondents show that the majority of respondents, 56%, are females and 42. 67% were male, whilst 1.33% of the sample respondents were non-binary (other). The age distribution of respondents shows that the majority (64%) fell within the 18-29 age range, followed by 30-40 years (34%), and a small proportion (2%) were between 41-55 years old. The data further illustrates the racial distribution of the sample respondents in the study, which shows that the majority were African (96. 67%), followed by Coloured (2.57%) and Whites (0. 67%).

Table 1. Demographic profile of respondents

	Description	Frequency	Percentage
Gender	Female	84	56%
	Male	64	42.67
	Non-binary	2	1, 33
Total		150	100
Age Group	18-29	96	64%
	30-40	51	34%
	41-55	3	2%
Total		150	100
Race	African	145	96, 67%
	Coloured	4	2, 57%
	Whites	1	0,67%
Total		150	100

Source: Authors' construct

Reliability analysis

Table 2 illustrates the reliability analysis of the study's measures, employing Cronbach's alpha as the coefficient for ascertaining internal consistency. The results indicate satisfactory reliability estimates for customer satisfaction (0.893) and customer loyalty (0.934), with an overall reliability coefficient of 0.935. These coefficients exceed the conventional threshold of acceptability, thereby substantiating the internal consistency and reliability of the constructs under investigation. Daud et al. (2018) have noted that a Cronbach Alpha coefficient within the range of 0.60 to 0.80 indicates moderate to strong internal consistency reliability, suggesting that the measure is reliable and acceptable for research objectives or purposes.

Table 2. Reliability Analysis

Classification	Cronbach Alpha
Customer satisfaction	0.893
Customer loyalty	0.934
Overall Cronbach Alpha	0.935

Source: Authors' construct

Perception of Customer Satisfaction

The retailer meets the expectations of customers: Respondents were asked whether the retailer met their expectations, as indicated in Table 3. The majority of respondents (63.3%) (n=95) agree, while 19.3% (29) disagree. Furthermore, 17.3% (26) of the respondents were uncertain about whether the retailer met their expectations. Hawkins

and Hoon (2019) emphasize that meeting customer expectations can significantly impact the success and longevity of any business. Moreover, fulfilling customer expectations improves overall brand reputation and generates positive word-of-mouth, which aids in attracting new customers. Thus, businesses should prioritize customer expectations in order to stay relevant and grow in a competitive market.

The retailer's staff members are friendly and helpful: The results presented in Table 3 indicate that 64.7% (n= 97) of the respondents agreed that the staff members were friendly and helpful. Additionally, 21.3 % (32) were uncertain, and 14 % (21) disagreed. These findings clearly show that the majority of the respondents perceived the staff members as friendly and helpful. Providing friendly customer service involves interacting with customers in a caring and understanding manner, and making an effort to exceed their expectations. This approach yields positive results as a pleasant customer service interaction can significantly influence a customer's perception of a business and foster long-term loyalty (Gupta, 2024).

The retailer's prices are competitive compared to other retailers: In Table 3, it is shown that 62.7% (n= 94) of the respondents agree that the retailer's prices are competitive compared to other retailers, while 23.3 percent (35) were uncertain, and 14 percent (21) disagreed. These results indicate that the majority of respondents were satisfied with the competitiveness of the retailer's prices compared to other retailers. A competitive pricing strategy enables companies to gain an advantage by setting prices strategically, either above, below or at the same level as their direct competitors. One of the main advantages of competitive pricing is that it helps businesses grasp their market position, attract new customers, and increase profits (Zao et al., 2022).

Customers are satisfied with the quality of products offered by the retailer: Table 3 reveals that 60% (n= 90) of the respondents agree that customers are satisfied with the quality of products offered by the retailer, while 20% (30) were uncertain and another 20% (30) disagreed. These findings imply that the majority of the respondents were satisfied with the quality of products offered by the retailer. Lone and Bhat (2023) pointed out that ensuring the quality of products is the top priority for all organizations as it plays a significant role in achieving customer satisfaction, which is the ultimate objective of all marketing efforts.

Customers are satisfied with the overall experience with the retailer: In Table 3, it is demonstrated that 58% (n= 87) of the respondents agree that customers are satisfied with the overall experience at the retailer, while 24% (36) were uncertain and another 18% (27) disagreed. These findings clearly indicate that the majority of the respondents were satisfied with the overall experience at the retailer. El-Abidin (2024) states that an outstanding customer experience is crucial for the sustained growth of any business. A positive customer experience fosters loyalty, aids in customer retention, and promotes brand advocacy.

Table 3. Frequency distribution of customer satisfaction

Customer satisfaction	Agree		Uncertain		Disagree		Total	
	n	%	n	%	n	%	n	%
The retailer meets my expectations	95	63.3%	26	17.3%	29	19.3%	150	100%
The retailer's staff members are friendly and helpful	97	64.7%	32	21.3%	21	14%	150	100%
The retailer's prices are competitive compared to other retailers	94	62.7	35	23.3%	21	14%	150	100%
I am satisfied with the quality of products offered by the retailer	90	60%	30	20%	30	20%	150	100%
I am satisfied with the overall experience with the retailer	87	58%	36	24%	27	18%	150	100%

Source: Authors' construct

Perception of Customer Loyalty

Customers consider themselves as loyal customers: As illustrated in Table 4, a significant proportion of respondents (59.3%, n=89) affirmatively identified themselves as loyal customers of the retailer. Conversely, 24% (n=37) disagreed, whilst 16% (n=24) were uncertain. These findings suggest that a clear majority of respondents exhibit loyalty towards the retailer. The cultivation of customer loyalty is crucial for achieving business success; leveraging benefits such as increased repeat custom; reduced marketing expenditure; and enhanced brand reputation (Hyseni, 2024).

Customers trust the retailer when it comes to meeting shopping needs: Table 4 indicates that a significant number of respondents (59.3%, n=89) agree that they trust the retailer when it comes to meeting their expectations, while 21.3% (n=32) disagreed and 19% (n=29) were uncertain. These findings suggest that a clear majority of respondents trust the retailer when it comes to meeting their expectations. Kyamko (2024) notes that customers usually stick to what they are most satisfied with. Hence, it is crucial for businesses to constantly find methods to match customer expectations, which will allow businesses to increase customer loyalty and satisfaction, reach a new audience, and increase sales.

Customers would recommend the retailer to friends and family (positive word-of-mouth): The results illustrated in Table 4 indicate that 64.7% (n= 97) of the respondents expressed a willingness to recommend the retailer to friends and family. Additionally, 18% (27) were uncertain and 17.3% (26) disagreed. These findings clearly show that the majority of respondents were willing to recommend the retailer to friends and family. Consumers engage in word-of-mouth marketing (WOM marketing) by discussing the business's products or services with their friends, family, and others with whom they share close relationships. WOM marketing is one of the most reliable tool of advertising since most of the consumers trust recommendations from relatives and

friends compared to paid traditional. Businesses can encourage WOM marketing by exceeding expectations regarding a product, providing excellent customer service, and offering clear information to customers. (Hayes, 2024).

Customers intend to continue shopping at the retailer in the future: Table 4 demonstrated that 62.6% (n= 94) of the respondents agree that they intend to continue shopping at The retailer in the future, while 18.7% (28) were uncertain and another 18.7% (28) disagreed. These findings imply that the majority of respondents indicated a willingness to continue shopping at the retailer. If a customer remains for a longer period, they are more likely to spend more. In fact, studies consistently demonstrated that satisfied customers tend to spend 140% more. The higher the retention, the less revenue lost to churn. According to Tessitore (2023), a churned customer takes potential business revenue with them.

Customers prefer the retailer over other retailers: According to Table 4, 52% (n= 78) of the respondents agreed that they prefer the retailer over alternative retail options. Additionally, 26.7 % (40) were uncertain and 21.3 % (32) disagreed. These findings reveal that the majority of respondents prefer the retailer over alternative retail options. Fulfilling consumer preferences boosts sales, loyalty and retention, ultimately reducing acquisition costs (Dutta, 2023).

Table 4. Frequency distribution of customer loyalty

Customer loyalty	Agree		Uncertain		Disagree		Total	
	n	%	n	%	n	%	n	%
I consider myself as a loyal customer of the retailer	89	59.3%	24	16%	37	24.7%	150	100%
I trust the retailer when it comes to meeting my shopping needs	89	59.3%	29	19.3%	32	21.3%	150	100%
I would recommend the retailer to my friends and family (positive word-of-mouth)	97	64.7%	27	18%	26	17.3%	150	100%
I intend to continue shopping at the retailer in the future	94	62.6%	28	18.7%	28	18.7%	150	100%
I prefer the retailer over other retailers	78	52%	40	26.7%	32	21.3%	150	100%

Source: Authors' construct

Pearson correlation

The Pearson correlation in Table 5 shows the association between customer satisfaction and customer loyalty. The results indicate that customer satisfaction strongly correlates with customer loyalty and the relationship is significant ($r=0.911$; $p<0.001$). The results in the current study corroborate Dam and Dam (2021), who confirmed a positive and significant relationship between customer loyalty and customer satisfaction.

Table 5. Pearson correlation

		Customer satisfaction	Customer loyalty
Customer satisfaction	Pearson Correlation	1	.911**
	Sig. (2-tailed)		.000
	N	150	150
Customer loyalty	Pearson Correlation	.911**	1
	Sig. (2-tailed)	.000	
	N	150	150
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Authors' construct

Linear regression

Table 6 illustrates the effect of customer satisfaction on customer loyalty. The model suggests significant regression ($F(148) = 721.152$; $p < 0.001$). The R^2 suggests that customer satisfaction accounts for 83% of the variance in customer loyalty ($R^2 = 0.830$). The beta coefficient ($\beta = 0.911$; $p < 0.001$) suggests that customer satisfaction significantly predicts customer loyalty and the relationship was positive, implying that as customer satisfaction increases (agreement on positive customer satisfaction), customer loyalty increases (agreement on positive customer loyalty). The VIF and tolerance value measures suggest that there is no collinearity in the dataset. The findings in this study are consistent with Abu-alhaija, Shanak and Allan's (2019) study, which found that satisfaction is considered one of the antecedents of customer loyalty and has a positive relationship. Similarly, the findings of this research are consistent with a previous study conducted by Adam et al. (2020). Based on the above results, the hypothesis of the study is confirmed.

Table 6. Linear regression

Independent variable	Regression	ANOVA	R square	Standardized Coefficients	d1/d2	t	Sig.	Collinearity Statistics	
				Beta				Tolerance	VIF
Customer satisfaction	0.911	721.152	0.830	0.911	1;148	26.854	.000	1.000	1.000

Source: Authors' construct

Conclusion

This study sought to analyse the relationship between customer loyalty and customer satisfaction. Based on the findings of this study, retail managers must prioritize understanding customer needs, striving to not only meet but exceed expectations. By actively engaging customers in the value creation process, retailers can identify and address their specific requirements, thus cultivating interdependent relationships. This balanced partnership ultimately drives customer satisfaction and loyalty. The results of this study emphasize the vital role of product quality in ensuring customer satisfaction and loyalty. Retailers have to improve customer experiences in order to cultivate loyalty by prioritizing product quality. This can be achieved through strategic sourcing from reputable suppliers, strict quality control criteria, and regular customer feedback analysis. To implement this recommendation, it is suggested that retailers establish periodic supplier evaluations to ensure compliance with quality standards; train employees on product knowledge and quality control procedures; and establish a customer feedback system to monitor product quality concerns. By so doing, retailers can expect improved customer satisfaction ratings and increased customer retention. Retailers can also implement customer relationship management systems to track preferences and purchasing history. Management should also invest in employee training to enhance service quality and responsiveness. Moreover, there is need to carry out consistent consumer satisfaction surveys to pinpoint avenues for enhancement. It is suggested that in order to maintain competitiveness over their rivals, retailers should always remain vigilant regarding shifts in customer demands. In addition, it is suggested that retailers focus on training employees on customer support skills, empathy, as well as product knowledge. Moreover, it is imperative to consider implementing employee recognition and reward systems to encourage exceptional service. Fostering an organizational culture that prioritizes a customer focus is also imperative.

Further research can be done of a qualitative nature, exploring in-depth customer satisfaction and its impact on customer loyalty in the retail sector. Furthermore, future studies can explore a comparative analysis of customer satisfaction and loyalty across different retail sectors, identifying sector-specific drivers and challenges. In terms of limitations, the present study was based on a simple random sample drawn from 150 customers shopping in the retail sector. Therefore, the findings cannot be generalized to all other retailers in South Africa or beyond this context. However, they can add value and prove meaningful to other retailers with similar functions and management.

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