

**FACTORS AFFECTING CUSTOMER LOYALTY  
TOWARDS TRADITIONAL RETAILERS IN  
PENGKALAN CHEPA, KELANTAN.**

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Factors Affecting Customer Loyalty Towards Traditional  
Retailers in Pengkalan Chepa, Kelantan.

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2019

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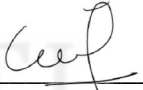
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## List of Symbols

$\alpha$	Cronbach's Alpha
$r$	Pearson's Correlation coefficient size
$R^2$	R Square
$\beta$	Unstandardized coefficient beta
$p$	Significance Value



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## ABSTRAK

Peruncit tradisional dikenali sebagai peruncit yang mempunyai bangunan kedai. Pada masa kini, peruncit tradisional tidak lagi diberi perhatian oleh pengguna kerana pengguna lebih cenderung untuk memilih peruncit atas talian. Oleh hal yang demikian, pengkaji hendak mengetahui sebab yang memberi kesan pengguna setia kepada peruncit tradisional dan kewujudan peruncit atas talian. Pemboleh ubah bebas adalah produk kualiti, servis kualiti dan harga kawalan yang memberi kesan kepada kesetiaan pengguna terhadap peruncit tradisional. Berdasarkan keputusan yang diperoleh, servis kualiti telah memberi impak yang besar terhadap peruncit tradisional di Pengkalan Chepa, Kelantan dan harga kawalan telah memberi impak yang rendah kepada peruncit tradisional.

Dalam kajian ini, 375 responden telah terlibat dan kajian ini dijalankan di Pengkalan Chepa, Kelantan. Kajian ini menggunakan kaedah kuantitatif dan sampel tidak keberangkilian. Keputusan yang diperoleh berdasarkan soal selidik dan dianalisis menggunakan aplikasi Statistik Pakej untuk Sains Sosial (SPSS) iaitu analisis deskriptif, analisis reliabiliti, analisis Spearman korelasi, dan analisis regresi berganda. Semua keputusan dikaji menggunakan jadual dan carta.

Keputusan yang diperoleh menunjukkan produk kualiti, servis kualiti dan harga kawalan yang telah memberi impak positif kepada kesetiaan pengguna terhadap peruncit tradisional. Dalam kajian ini, servis kualiti merupakan impak yang paling tinggi kepada kesetiaan pengguna terhadap peruncit tradisional. Implikasi kajian ini kepada peruncit tradisional adalah peruncit akan mengetahui cara dan kaedah untuk menarik pengguna ke kedai mereka dan memastikan pengguna setia terhadap mereka. Untuk kajian akan datang, pengkaji boleh melakukan kaedah kualitatif dan kuantitatif dalam pemungutan data.

## ABSTRACT

Traditional retailers are a retailer that done their business using brick and mortar store. Nowadays traditional retailers are not very concern by the people most of the people are more tender to choose online retailer. So, in the research researcher want to know the reason that affect customer loyalty towards traditional retailer and existence of online retailer. The independent variable is product quality, service quality and price fairness that affect customer loyalty towards traditional retailer. Based on the result obtained service quality has given the biggest impact towards traditional retailer in Pengkalan Chepa Kelantan and price fairness has given the lowest impact in traditional retailer.

In this research, 375 respondents are involved and the research is conducted at Pengkalan Chepa, Kelantan. This study used quantitative research method and using non probability sampling. Result is obtained based on questionnaire and analyse using Statistical Package for the Social Sciences (SPSS) data that is descriptive analysis, reliability analysis, spearman correlation analysis, and multiple regression analysis. All the result is interpret using tables and charts.

The results showed that the product quality, service quality and price fairness had positive significant relationship with the customer loyalty towards traditional retailers. It was also found that the service quality was the most influential factor on customer loyalty towards traditional retailers. The implication of the study for traditional retailers is they will know how to attract customer to their store and make sure the customer loyal to their store. For the future research, the researcher can do both qualitative and quantitative ways in data collection method.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Retailing is a set of business activities that adds value to the products and services sold to consumer for their personal or family use. Often people think of retailing only as sale of products in stores, but retailing also involves the sale services such as a haircut, car rental or a home-delivered pizza. (Michael Levy, Barton A. Weitz, 2012).

Not all retailing is done in stores, non-store retailing also known as retailer that sells products online using social media platform. This research use three independent variable which are product quality, service quality and price fairness. All of the independent variable known as factors that affect traditional retailers.

The traditional retailers can be defined as the retailers that done their selling goods and services with having brick-and-mortar. A brick and mortar store are a store, practicing retail from a fixed physical location (Levy et al, 2012). Mostly, some people were still in traditional retailers because they don't know how to use the modern technology.

Product quality is the key dimension of the loyalty and customers' satisfaction. Garvin (1987) has described there are innumerable attributes of product quality especially a number of highly relevant attributes such as performance, serviceability, features, reliability and customer perceived quality.

Service quality is an important dimension of customers loyalty through customers satisfaction in the retail industry. Service quality can be defined as the assessment made by the expectations and consumer perceptions of received services as these factors comprise of corporate image and functional quality. (Parasuraman et al., 1985 and Gronroos, 1984).

Price fairness can be defined as a consumer associated emotions and assessment of whether the difference (or lack of difference) between a seller's price and the price of a comparative other party is reasonable, acceptable or justifiable (Xia et al. 2014).

The purpose of this study is to identify the factors affecting customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan. To sum up, this research is about using this measurement that known as the factor that could be reasons of the increasing existence online retailers.

## **1.2. Problem Statement**

In the statistics of world, the sales from general merchandise retailer via their brick-mortar stores accounted for 11.807% and it represent more specific of retail that excludes auto, food, beverage, apparel& accessory sales. The e-commerce giant's brick and mortar expected to expand thousand locations in 2021 and more merchandise retailer prefer to move offline (Lucy Koch, 2019). The contribution of traditional retailer in growth of world e-commerce is in brick and mortar store almost 55% that is highest compare to the e-commerce itself and online retailer in year 2019.

According to statistics from the Malaysian Ministry of Statistics by taking off in Malaysia, the growth rates of e-commerce in Malaysia are probable to increase from 10.6% in 2016 to 20.8% in 2020 (New Straits Times, 2018). From the Department of

Statistics Malaysia, the sales from the retail trade increase from July 2019 about 7.1% and in Aug 2019 it decreases to 6.7%. It clearly shows that the traditional retailer has start to decrease in market Malaysia. In order to remain competency among the high competition market, traditional retailers facing issue on how to increase customer retention in order to increase customer loyalty.

At the other hand, Malaysia statistic that has been found that 41% of Malaysian still prefers shopping in brick and mortar stores weekly. It just 21% likely to purchase groceries online over the next month and lastly only 44% would pay extra for their online purchases to be delivered on the same day (Global consumer Insight survey 2018).

The retailer always faces on how they want to remain their consumer loyalty it is because some consumer they depend on the retailer itself. Through studies of service quality (Tsoukatos, Athanosopoulou, & Glovanis, 2015), product quality (Oderken et al., 2001) and price fairness (Kareem Abdul, 2018), traditional retailer able to increase competitiveness in the industry and retain as loyal customer. All the factors that affect the consumer loyalty toward the traditional retailer will be examined through the studies.

Hence, there is a need to carry on a study which will focus on the factor that can affect customer loyalty toward the traditional retailers.



### 1.3. Research Question

1. What is the relationship between product quality and customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan?
2. What is the relationship between service quality and customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan?
3. What is the relationship between price fairness and customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan?
4. What is the most important factor that affects customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan?

### 1.4. Research Objective

1. To examine the relationship between product quality and customer loyalty toward traditional retailer in Pengkalan Chepa, Kelantan.
2. To investigate the relationship between service quality and customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan.
3. To determine the relationship between price fairness and customer loyalty towards traditional retailer in Pengkalan, Chepa Kelantan.
4. To examine the most important factor that affects customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan

### **1.5 Scope of the Study**

The scope of this study is to discuss about matters to be observed by the researcher and give more attention to this study. Throughout the study, the researcher's expectations and requirements will be obtained. There are several scopes when conducting this study which are geographic area and title limitation.

The scope area of the study geographically is located at Pengkalan Chepa, Kelantan. The researcher chose this place to limited the number of respondents answering the questionnaires. Pengkalan Chepa consists of secondary school, university, hypermarket and housing areas. Thus, this study will involve in dissemination of surveys among students to working adults and residents at Pengkalan Chepa to help the researcher in gathering information. The advantage of the researcher limited the scope of area is to reduce the cost, place and time. In the meantime, the scope of area is near to the researcher's study place.

Next it is to focus on title limitation. The research is to focus on traditional retailers which is also known as brick and mortar store. It is located at a physical location and does not own any online store. Therefore, the researcher should find the targeted respondents who can help them to acknowledge if they are still loyal to the traditional retailers.

## 1.6 Significance of the Study

This study will provide benefit and give positive impact for traditional retailers, institutional and academic purpose. This is because the study is related to the surroundings. Thus, this research will be very useful to be used as reference either for business purpose, knowledge purpose and study purpose.

### 1.6.1 Benefit to traditional retailers

First, the party that will get an advantage and benefits from this study is the traditional retailers itself. They can reborn their business again if they know their business having a problem. They also can know the reasons customer is loyal to their business. Therefore, they can improve and increase their sales every month to keep their business sustainable.

### 1.6.2 Benefit to Universiti Malaysia Kelantan

Next, the second party that will benefit from this study is Universiti Malaysia Kelantan (UMK). As an Entrepreneurship University, this will give benefit to students as they can make collaboration with the traditional retailers to succeed from bottom to the top. Besides, UMK organization will understand the traditional retailers, weaknesses and strength to make customer loyal to them. Therefore, this party will make strategic plans to help and collaborate with traditional retailers.

### 1.6.3 Benefit for academic purpose

After that, this study is also important for an undergraduate student, the student that are studying entrepreneurship course or in retailing course can use this research as their guidelines. This is because the academic people can use this research as their references in making their assignment, thesis, or for reading purpose to help them increase their knowledge

## 1.7 Definition of Terms

### 1.7.1 Loyalty

Loyalty is a success of a long-term key for every retailer because retailers believe that loyal customer are hard to hijacked by their rivals even using strategy like lower price strategy (Soon-Ho, Min-Seoung and Dong-Hun, 2016). Furthermore, loyalty can be defined as a deep commitment of existing customers to keep on purchasing either products or services with the constant retailer (Gallarza et al., 2016). According to Kotler and Armstrong (2010), loyalty can be defined as the commitment of a customer to repurchase and support a product in the future. Customers with this commitment will ignore all the advertisement from rivals and giving a good feedback about the product to people surrounds them.

### 1.7.2 Traditional Retailer

According to previous study, traditional retailer can be defined as a generally small and mostly family-owned retail business which managed informally. Traditional retailer also called as unorganized retail sector (Jeff Fulton, 2017;

Rachmadi, Zuliani and Helman, 2018, Sarin and Goel, 2018). Traditional retailers refer to traditional formats of low-cost retailing such as convenience store and owner manned general store. Traditional retailer also known as brick-and-mortar stores that operates with physical storefront at a physical location (Chris, 2019).

### 1.7.3 Customer Satisfaction

According to Shivani (2017), customer satisfaction is emphasizing on customer's experience that reflect the degree of preference of a retailer's business activities. Customers with high pleasurable experience are generally having high levels of satisfaction. This group of customers are strong predictors of customer retention, loyalty and product repurchase.

## 1.8 Organization of the Proposal

Chapter 1 introduces the background of the study, problem statement, research question and the research objective, the scope of the study, the significance of the study and the definition of the term. All of this is used to study the factors that increase in the existence of online retailer that will give impact on customer loyalty towards traditional retailers in Pengkalan, Chepa Kelantan.

In chapter 2 that is literature review, it will the introduction of this study. Next, it is about underpinning theory and the previous study. It also will define the hypothesis statement and the conceptual framework of this study. Lastly, it will conclude all about the points in the literature review.

Next, in chapter 3 it is about research method. First, it will define the introduction, study population and the sample size. The sampling techniques, research instrument, measurement of variables and the procedure for data analysis is also discussed in this chapter. Lastly, it will summarize the research method.

In chapter 4, it is about data analysis. It will define introduction of the study and also the preliminary analysis and demographic of respondents. Next it will discuss the reliability test, normality test, spearman rank coefficient and conclusion of the chapter.

Lastly in chapter 5, it will discuss the conclusion and recommendation of the study. First it will define the introduction and key findings of the study. Then it will discuss the hypothesis, implication and recommendation for the future study. Lastly it will conclude overall conclusion of the study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Literature review makes a valuable contribution to almost every operational step and integral part of the research process (Ranjit Kumar, 2014). Other than that, literature review is an explicit, systematic and reproducible method to identify, evaluating and synthesising the existing body of completed record work produced by the researcher (Fink, 2005). So, in this literature review it will define the independent variable that is product quality, service quality and price fairness. It also will define dependent variable that is customer loyalty. Furthermore, underpinning theory is discussed and it also defines the conceptual framework, the hypothesis and the summary of this literature review.

#### 2.2 Underpinning Theory

##### 2.2.1 Cyclical Theories

The cyclical theories can be defined as the understanding of retail change and described the change of the phase in retailing follows a pattern and all phases that having specific attributes (Bachelor of Management Studies, 2014). In cyclical theory, it is consisting of theory that well known as a theory that make everyone understand about the retail evolution that is the wheel of retailing theory (Praveen Raj, 2012). While, according to Bayu Adi Kusuma (2015), he also states that the most popular theory of retail change and so earliest is the cyclical theory. In this



theory it is consist of several theories that is Wheel of Retailing, Retail Life Cycle and Retail Accordion. But the researcher only focuses at the wheel of retailing.

### 2.2.1.1 Wheel of Retailing Theory

According to Bayu Adi Kusuma (2015), the wheel of retailing theory that was developed by Professor Malcolm P. Nair in 1950s was establish about the understanding of the rapid growth and development of retailers. It is referred to a hypothesis, which illustrate the life cycle of a retail organisation (Priya C, 2019).

In this theory it is consist of stage that is entry phase, growth phase, maturity phase and decline phase (Priya C, 2019). Below is shown the figure of the wheel of retailing that has three stage which are innovation stage, trading-up stage and vulnerability stage. In that stage, it covered the new retailer phase, traditional retailer phase and established retailer.



Figure 2.1: Wheel of Retailing theory by Mc Nair 1950s (Priya C, 2019)



## 2.3 Previous Studies

### 2.3.1 Dependent Variable: Customer Loyalty

One of the best intangible assets that an organisation can own is customer loyalty (Cossio-Silva, Revilla-camacho, Vega-Vasques & palacios-Florencio ,2016). Customer's willing to build and maintain a long-term relationship with certain brand or retailer and tend to recommend the specific brand or retailer to people who surround him or her can be called as customer loyalty. (Soon-Ho, Min-Seoung, Dong -Hun, 2016; Markovic et, al 2018).

To build customer loyalty the core of marketing strategies has been reason on retaining existing customer before attracting new one. (Reicheld, 1996, Buergeren et al.,1997) According to Jacoby and Chestnut (1978) it states that the customer that frequently shopping of good or services at the outlet is customer that loyal to traditional retailers. Customer buying attention in the outlet is one of the dimensions that can build customer loyalty towards traditional retailer.

Kotler and Armstrong (2010) defined that loyalty is a commitment of a customers to repurchase and support a product in the future. This commitment makes customers tend to ignore any promotion from rivals and giving description about the product to someone else. Another researcher defined customer loyalty as the strength of the relationship between re-patronage and an individual's relative attitude. Although customer satisfaction is a crucial part of a business, satisfaction alone cannot take a business to a top level. Customer satisfaction especially in regular purchases produces a positive financial result (Kabu & Soniya, 2017).

Many previous researchers' study about customer loyalty and proved that it can be reached through customer satisfaction (Gallarza et., 2016; Soon-Ho, Min-

Seoung and Dong-Hun, 2016; Neupane, 2015). Customer satisfaction known as an important role for successful retention and customer loyalty (Zhang & Wei, 2018), customer will remain loyal to a specific brand or retailer if that certain brand or retailer able to fulfill their needs.

### 2.3.2 Independent Variable: Product Quality

Product quality is one of the key dimensions in the customer satisfaction and loyalty. According to Garvin (1987) he has defined that number of highly relevant attributes such as performance, conformance, features, reliability, aesthetics, durability, serviceability, and customer perceived quality are the elements that is useful to find the customer satisfaction in product quality.

According to Dellaert et al (1998), he posited that product variety attracted retailer and will influence the customer gladly perform more shopping in store. Retailer can give more attention to increase more product variety, and also will increase customer satisfaction.

Product, service quality, customer satisfaction and profitability are linked which can affect each other. If the quality of the product and offer by the retail store are high, then customer will more satisfy and will lead to higher sales which yield greater profitability (Nugriho, Djumilah, Fatchur & Mintarti, 2017). The result collected from Nugriho, Djumilah, Fatchur and Mintarti (2017) also proved that the better the perceived product quality of service by the customers, the higher functional value, emotional value, and social value.

Customer's experience and quality of product is considered more significant factors which could affect customer's loyalty and satisfaction towards traditional retailers or market. Traditional retailers should put more effort on this aspect in order to improve the satisfaction and loyalty of their customers (Ayuni, Hussein & Hapsari, 2018).

### 2.3.3 Independent Variable: Price Fairness

Price is one of the most crucial elements of marketing mix and it has significant impact on customer buying decision (Kotler, Armstrong, Siew-Meng, Swee-Hoon & Chin-Tiong, 2017). There is a strategic concept in management that is interrelated despite their different nature which is price premium and loyalty (Gomez, Martin, Diaz & Molina, 2017).

Price perceptions have been studied by many researchers in different field of social sciences such as marketing and economics. Price fairness are one of the major antecedents of customer loyalty which used by those highly competitive industries to gain competitive advantage (Olatokun & Ojo, 2016; Yaqub, Halim & Shehzad. 2019). According to Kaura, Durga and Sharma (2015), perceived price and fairness have the positive effect to customer satisfaction and customer loyalty.

Prices according to Tjiptono et al (2008:67) will be interpreted as a sum of money (monetary unit) and or either aspect (non- monetary) that contain certain utilities to get the product. In the traditional market, price is mainly determined and differentiated by the seller. Then the customer will have the choice to accept or decline the price that is given. A variety of marketing and

psychology studies have been conducted to investigate the customer response to the price based on distributive justice theory (Thibaut, J and Walker L.,1975), equity theory (Adam, J, S 1965) and dual entitlement principle (Kahneman D, Knetsch J, L and Thaler, R.H. 1986).

#### 2.3.4. Independent Variable: Service Quality

The current research empirically tests the suggestion of previous researches that, customer engagement behavior can be increase through the influence by the improvement of the customer perceived value on service quality (Darwin, Suwanna & Theingi, 2017) which will at last affect to customer loyalty (Kevin Kam Fung et al., 2016). Many previous studies examine the effects of service quality towards customer loyalty (Gong & Yi, 2018; Budianto, 2019; Yaqub, Halim & Shehzad. 2019).

As the word “traditional” tells, the facilities offered by traditional retailers are falling short from the facilities of department store. This weakness will directly affect the number of customers from younger generation (Kuncawati, 2016). By improving the traditional retail store facilities, traditional retailers might could compete better with department store. Service quality is one of the expected improvements for traditional retailers. With the better service quality, both customers and retailers can gain a better experience (Ayuni, Hussein & Hapsari, 2018).

One of the dimensions of service quality is employees' behaviour (Cifci, Ekinici, Whyatt, Japutra, Molinillo & Siala, 2016). The most crucial step to shape customer's perception and satisfaction toward traditional retailers is the

staff or employees as they represented their organization in communicating with the customers as well as behaving as a kind of “living signboard” (Susanty & Kenny, 2015; Quach, Jebarajakirthy & Thaichon, 2017). If the staff of an organization concerned about their customers and willing to help them in solving problems happily and without being asked, customers can feel it (Budianto, 2019). Furthermore, Service delivery, service environment and service performance are the cognitive factor of overall service quality perceptions (Gong & Yi, 2018).

## 2.4 Hypotheses Statement

### Hypothesis 1

There is a significant relationship between product quality and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.

### Hypothesis 2

There is a significant relationship between service quality and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.

### Hypothesis 3

There is a significant relationship between price fairness and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.

## 2.5 Conceptual Framework

Conceptual framework can be defined as the basis of the research problem and to enhance community responsiveness, it is focused only on indicators to measure the success or failure of the strategies (Ranjit Kumar, 2014). Another source defines the conceptual framework as a broad concept that include a structure of principles, assumptions and rules that hold together with the ideas (Business Dictionary, 2019). According to Regoniel Patrick. A, (2015) a conceptual framework can be defined as overall synthesis of literature to explain a phenomenon and it is referred to the previous knowledge of other researchers.

Figure 1 show the relationship between the independent variables and dependent variable. Independent variables consist of product quality, service quality and price fairness. Meanwhile, dependent variable is the customer loyalty toward traditional retailers in Pengkalan Chepa, Kelantan. The effect from the independent variables on the dependent variable will be shown through this research.

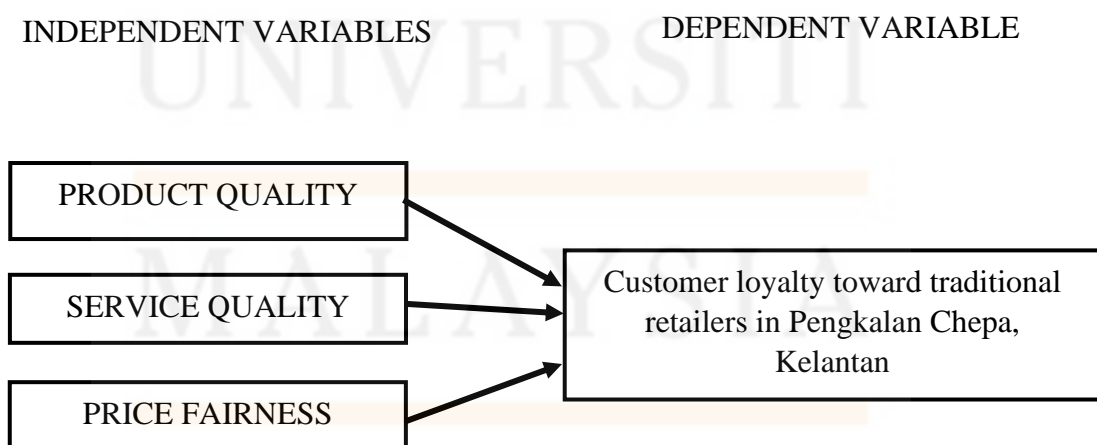


Figure 2.2: A conceptual framework of customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan (Yaqub, R.M.S., Halim, F., & Shehzad, A., 2019)

## 2.6 Summary

As a summary, after reviewing the dependent variables and independent variables based on literature review, a conceptual framework which is the independent variables are the product quality, service quality and price fairness. These independent variables are purposed to be tested. In the next chapter, the research methodology will be discussed.





## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

In this chapter covers the method that are used in the study. This chapter also include component that applied in conducting this study such as research design, population of the study, sample size, sampling procedure, research instrument, measurement scale, data collection method, data analysis and summary.

#### 3.2 Research Design

Research design is defined as a framework of method and technique that are chosen by researcher to combine and various component of research in a reasonably logical manner so that it will easily handle (Adi Bhat, 2019). In this study, the independent variables and the dependent variable were tested using the hypothesis. This study also used the quantitative method to identify the factor that effect customer loyalty towards traditional retailers. The item and sales in the questionnaire were designed by the researcher to collect the primary data. The questionnaires were distributed to the people that are living in Pengkalan Chepa, Kelantan. The researcher was used Statistical Package for the Social Science (SPSS) to analyse and generate the data after the data has been collected.



### 3.3 Data Collection Method

Data collection is a process to collect from all relevant information (John Dudovski, 2016) to find the answer in research problem. In the data collection method, it can be divided into two categories that is primary method and secondary method (David E. Gray, 2014). In the primary method the data is collect from first-hand information that is group of respondents. While in the secondary method the data is collected from the article, journal, book and academic pages. Using that method, it will be easy and can clarify the doubts in the research.

In this research the questionnaire was distributed to 375 respondents at area Pengkalan Chepa, Kelantan. Before the questionnaires were collected, the researcher had to make sure that all the questions were answered so that it can eliminate response bias.

### 3.4 Study Population

This study focused on the factors that affect customer loyalty towards traditional retailer in Pengkalan Chepa, Kelantan. The population of this study was chosen among students, working adults and also residence in Pengkalan Chepa who have experience in purchasing of traditional retail store including both male and female. The population of people in Kota Bharu Kelantan is about 491,237 people that consist of males about 232,752 and females about 235,686.

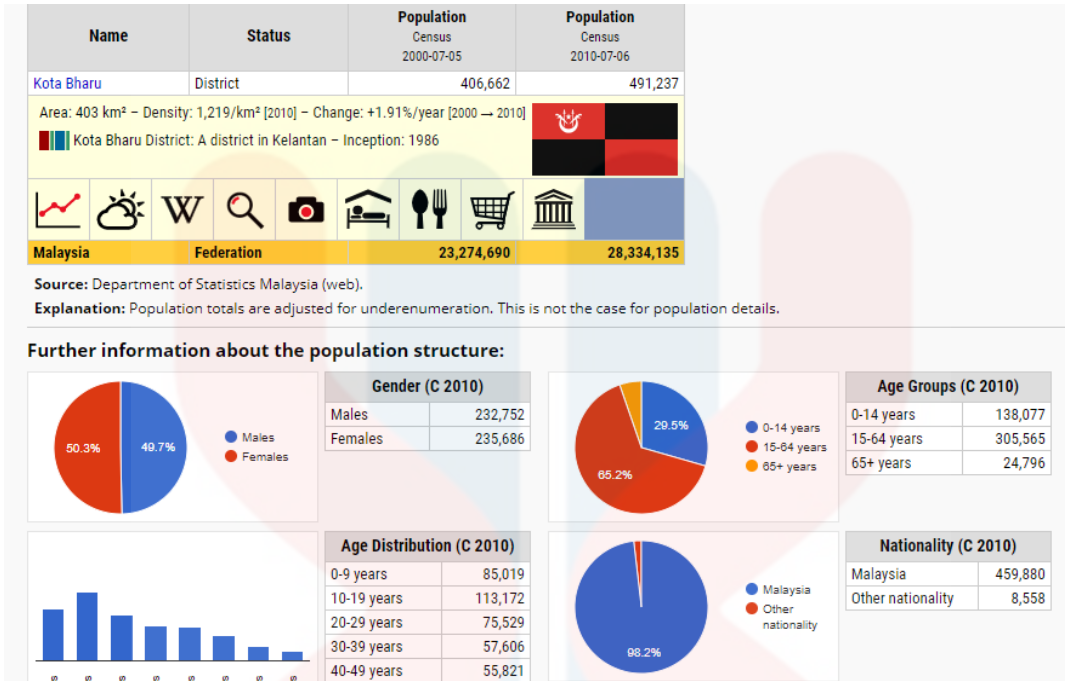


Figure 3.3: The population in Kota Bharu, Kelantan (sources: city population)

The researcher has limited the study at Pengkalan Chepa Kelantan with the population of 14,000 people (LatLong.Net, 2019)

### 3.5 Sample Size

According to Krejcie & Morgan (1970), the sample size that is recommended for this study is 375 people from Pengkalan Chepa, Kelantan that represent 14,000 of population. The questionnaires were distributed conveniently and face to face at all the respondents at Pengkalan Chepa, Kelantan. Online surveys were carried out using Google form.

Table 3.1: The Sample Size in Pengkalan Chepa, Kelantan (Kiejcie &amp; Morgan, 1970)

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

### 3.6 Sampling Techniques

Sampling technique aims to make valid generalizations and extends their results for those who participate. Sampling can be described as selecting a sample or particular group to represent the entire population. There are varieties of different sampling method available to researchers to select individuals for a study.

In this research, non-probability sampling was chosen as respondents were selected by non-randomized method. Convenience sampling procedure which also called accidental sampling or opportunity sampling has been choosing as the sampling procedure. As the name suggest, respondents are based on researcher convenience (Showkat & Huma, 2017). In this sampling method, respondents are those who are readily accessible or available to researcher which means that whoever meets the researcher will be qualify to answer the questionnaire.

### **3.7 Research Instrument Development**

The instrument that were used to collect data is through the questionnaire (refer appendix 1). By using this method, it helps in collecting the data correctly through the respondent at Pengkalan Chepa, Kelantan. The questionnaire consisted of three parts that is section A, B and C. In section A, it describes on the background of the respondents. While in the section B, it consists of the question that is related to independent variables which is service quality, product quality and price fairness. Lastly, in section C, it covers the dependent variable that is customer loyalty. In the questionnaire, multiple choices are used for all the items in section A while Five Likert's Scale was used in section B and C which are:

#### Section A

1. Gender / Jantina

Male / Lelaki

Female / Perempuan

2. Age / Umur

- 18 – 32 years / tahun
- 33 – 47 years / tahun
- 48 – 62 years / tahun
- 63 years and above / 63 tahun dan ke atas

3. Ethnic / Kaum

- Malay / Melayu
- Chinese / Cina
- Indian / India
- Others / Lain-lain

Section B

Table 3.2: The categorical question asked in the questionnaire.

<b>5 Likert Scale</b>	<b>Degree of scale</b>
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

Table 3.3: Scale of independent variables

<b>Variables</b>	<b>Origin of scale</b>	<b>Number of items</b>
Product quality	(Garvin, 1987)	5
Service quality	(Lee et al, 2000)	6
Price fairness	(David et al, 2007)	5

### Section C

Table 3.4: Scale of dependent variable

<b>Variable</b>	<b>Origin of scale</b>	<b>Number of items</b>
Customer loyalty	So et al, 2014 (Chaudhuri & Holbrook, 2001)	5

### 3.8 Measurement of the Variables

In the measurement scale, basic measurement scale that used to interval scale. The interval scale is quantitative measurement that can measure the rating scale by using different scale (Adi Bhat, 2019). The research has decided to use the scale 1-5 to have accurate point between each scale of the element.

Table 3.5: Likert Scale

<b>Degree of agreement</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Scale</b>	1	2	3	4	5

### **3.9. Procedure of Data Analysis**

According to Betty Swift (2006), the data analysis is about the stage need to change the data collection to analyse the data meaning and messages by the researcher to build up a possibility for analysis and appreciation of the structure. The appreciation includes omissions, recognition of errors and the development of deepening understanding towards the comparisons and other possibilities for analysis (Betty Swift, 2006).

In this research, the data obtained were investigated by using the Statistical Package for the Social Science (SPSS), descriptive analysis, reliability analysis, Spearman Pearson's correlation, and multiple regression analysis.

#### **3.9.1 Statistical Package of Social Science (SPSS)**

Statistical Package of Social Science (SPSS), is a software developed by Norman H. Nie, Dale H. Bent, and C. Hadlai Hull and was released in its first version in year 1968 and incorporated as SPSS in 1975 (Jyoti Bala, 2016). According to Jyoti Bala (2016), the role of SPSS software is to analyse the large amount of data. Through the SPSS software, the data that been analyze will get an accurate result for the researcher finding.

#### **3.9.2 Descriptive Analysis**

According to Chua Yan Piaw (2013), descriptive analysis is used to describe the characteristic of variable that consists of mean, median, and mode for the variable of this study. The descriptive analysis is used to analysis the early stage of the data and it is used to understand the sample that was conducted for all variables in the

questionnaire. The researcher will ask the respondent about their basic information which are including their gender, age, occupation, and to examine their demographic profile thoroughly.

### 3.9.3 Reliability Analysis

Reliability analysis is known as the capability of research in obtaining identical values when the same thing repeatedly measured by using the same measurement tool (Chua Yan Piaw, 2013). In other words, it needs to make sure that instrument use for survey has high reliability. According to the Mukesh Kumar et al. (2013), there are several methods that can be used to do the reliability analysis which is divided by two categories that is stability of measures and internal consistency of measures. Stability of measures consists of test-retest reliability and parallel-form reliability while the internal consistency of measures consists of -inter-item consistency reliability and split half reliability.

The researcher could use the Cronbach's alpha internal consistency method because this method is known as the best index score to do the reliability analysis that identify the correlation value between scores for each item in the test and the total score for all items in the test (Chua Yan Piaw, 2013). According to Chua Yan Piaw (2013), by using the Cronbach's alpha reliability method, the reliability will be determined by the alpha value of 0.65 to 0.95 is satisfactory because the low alpha coefficient is alpha below 0.65 ( $\alpha < 0.65$ ). Reliability is an important aspect to consider in the research because the researchers need to prove that the measurement error and reliability is high (Mohd Ghani Awang and Diyana Kamarudin, 2017).



Table 3.6 Cronbach's Alpha (Deepa Englighten, 2017)

$\alpha \geq 0.9$	Excellent
$0.9 \geq \alpha \geq 0.8$	Good
$0.8 \geq \alpha \geq 0.7$	Acceptable
$0.7 \geq \alpha \geq 0.6$	Questionable
$0.6 \geq \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

### 3.9.4 Spearman's Correlation Analysis

The Spearman's Rank Correlation Coefficient is used to discover the strength of a link between two sets of data. (Barcelona Field Study, 2019) Spearman's correlation coefficient is a statistical measure of the strength of a monotonic relationship between paired data. Below is the table for the strength of the Spearman's Rho correlation coefficient values.

Table 3.7: The strengths of the Spearman's Rho correlation coefficient values (Dancey and Reidy, 2004)

Pearson's Correlation coefficient size (r)	Correlation strength
$\geq 0.70$	Very strong relationship
0.40 – 0.69	Strong relationship
0.30 – 0.39	Moderate relationship
0.20 – 0.29	Weak relationship
0.01 – 0.19	No or negligible relationship

### 3.9.5 Multiple Regression Analysis

According to Salim Abdul Talib et al. (2013), multiple regression analysis that can be used to analyze between the two variables involved that is dependent variable and independent variable known as statistical technique. According to C.R. Kothari (1990), the analysis concern relationship is known as multiple correlation and the equation describing such relationship as the multiple regression equation when there are two or more than two independent variables. In multiple regression analysis the independent variable is known as the predictor variables while the dependent variable is known as the criterion variable (Chua Yan Piaw, 2013). The result from this multiple regression will show significant if the p- value is low than 0.05 ( $p\text{-value} < 0.05$ ) while it is not significant

when the p-value is more than 0.05 ( $p\text{-value} > 0.05$ ) for the predictor variables. According to the C. R. Kothari (1990) the equation for multiple regression is interpreted as shown below:

Multiple regression equation assumes the form

$$\hat{Y} = a + b_1X_1 + b_2X_2$$

Where  $X_1$  and  $X_2$  are two independent variables, Y being the dependent variable, and constants is  $a$ ,  $b_1$  and  $b_2$ .

### 3.10. Summary

In this chapter, research method and the design of this study has been explained. Data procedures have been described clearly, including all the measurements and the scale that is needed in the study. The questionnaire has been made and the method of data analysis that is used in this study has been discussed. The data collection will be collected based on the questionnaire that has been made by the researcher.

The obtained data will be discussed in details in the following Chapter 4. In the next chapter, the data that were obtained will be measure in deep to find out the relationship between the independent variables and the dependent variable. It will be more detail explanations for every data that were obtained by the researcher.

## CHAPTER 4

### DATA ANALYSIS

#### 4.1 Introduction

This chapter is discussed the data analysis and findings that collected from the survey questionnaires which involved 375 respondents in Pengkalan Chepa, Kelantan. Data collected is analysed by using Statistical Package Social Science (SPSS) software. The analysis consists of demographic profile, dependent variable which is customer loyalty towards traditional retailers as well as independent variable which ARE product quality, service quality and price fairness.

Demographic profile of the respondents is analysed by the descriptive analysis. The questionnaire uses the method of Cronbach's Alpha analysis to test the validity and is illustrated in this chapter. Furthermore, all the data collected from the questionnaires are analysed in term of frequency and percentage. The association between independent and dependent variables are tested by using Spearman Rank Correlation and is continued with Multiple Linear Regression analysis.

#### 4.2 Preliminary Analysis

Table 4.1: Dependent and Independent Variable Reliability Coefficient Test

Cronbach's Alpha	N of items
0.855	21

Reliability analysis was carried out by taking 65 respondents to test the stability or consistency of dependent variable which is customer loyalty towards traditional retailers and independent variables including product quality, service quality as well as price fairness. Table 4.1 shows a Cronbach's Alpha for the entire dependent and independent variables. A total of 21 items were used to test the reliability of the data. From the Table 4.1, Cronbach's Alpha was 0.855, it means that the validity of this questionnaire is showing a very good strength of association. In other words, this questionnaire is valid and acceptable.

#### 4.2.1 Product Quality

Table 4.2: Reliability Statistics for Product Quality

Cronbach's Alpha	N of items
0.892	5

Based on Table 4.2, the coefficient alpha for reliability of product quality was 0.894. According to the rules of thumb for Cronbach's alpha coefficient (Deepa Englighten, 2017), the stability of 0.892 is categorised as good. This indicates that the questions of the survey questionnaire in section product quality are reliable.

#### 4.2.2 Service Quality

Table 4.3: Reliability Statistics for Service Quality

Cronbach's Alpha	N of items
0.707	5

According to Table 4.3, the coefficient alpha for reliability of service quality was 0.707. By referring to the rules of thumb for Cronbach's alpha coefficient (Deepa Englighten, 2017), the stability of 0.707 is acceptable. Thus, all the items tested in this section are reliable.

#### 4.2.3 Price Fairness

Table 4.4: Reliability Statistics for Price Fairness

Cronbach's Alpha	N of items
0.824	6

Table 4.4 shows that the scores of coefficient alpha for price fairness was 0.824. According to the rules of thumb for Cronbach's alpha coefficient (Deepa Englighten, 2017), the stability or consistency of independent variable, price fairness is good. The result denotes that the questions in this section can be conducted in further analysis.

### 4.3 Demographic Profile of Respondents

The total number of respondents involved in the survey was 375 people. In demographic section, the distribution of the respondents in term of their background and characteristics were analysed using descriptive statistics and results were demonstrated by frequency and percentage.

### 4.4 Descriptive Analysis

#### 4.4.1 Gender

Table 4.5: The Distribution of Respondent's Background on Gender

	Frequency	Percentage (%)
Male	157	41.87
Female	218	58.13
Total	375	100.00

In this study, 157 male respondents (41.87%) and 218 (58.13%) female respondents were involved. The percentage shows that the female respondents are higher than the male respondents.

#### 4.4.2 Age

Table 4.6: Frequency Analysis on Age of Respondents

	Frequency	Percentage %
18-32 years old	280	74.67
33-47 years old	56	14.93
48-62 years old	35	9.33
63 years old and above	4	1.07
Total	375	100.00

In the term of age, majority of respondents were from the age group 18 to 32 years, with 280 respondents (74.67%), followed by the age group 33 to 47 years, with 56 respondents (14.93%). Meanwhile, the age from 48 to 62 years old were only 35 respondents (9.33%) and the lowest was the age 63 years and above, which was only 4 respondents (1.07%).



#### 4.4.3 Marital Status

Table 4.7: Frequency Analysis on Marital Status of Respondents

	Frequency	Percentage %
Married	102	27.20
Single	273	72.80
Total	375	100.00

For marital status, there were 102 single respondents (27.20%) and 273 (72.80%) married respondents. The percentage shows that the married respondents are higher than single respondents.

#### 4.4.4 Ethnic Group

Table 4.8: Frequency Analysis on Ethic Group of Respondents

	Frequency	Percentage%
Malay	210	56.00
Chinese	109	29.07
Indian	43	11.47
Others	13	3.47
Total	375	100.00

For the ethnic group, the highest respondents were Malays with 210 respondents (56.00%) followed by Chinese which were 109 respondents (29.07%) and Indians were 43 respondents (11.47%). Meanwhile, others ethnic group was the lowest ethnic group involved which were 13 respondents (3.47%).

#### 4.4.5 Academic Qualification

Table 4.9: Frequency Analysis on Academic Qualification of Respondents

	Frequency	Percentage %
Malaysia Certificate of Education (SPM)	66	17.60
Diploma	75	20.00
Degree	191	50.93
Master	20	5.33
Others	23	6.13
Total	375	100.00

In the academic qualification section, respondents with Degree qualification had the highest respondents with 191 (50.93%). The number of respondents who was holding Diploma and Malaysia Certificate of Education (SPM) were 75 respondents (20%) and 66 respondents (17.6%), respectively. 23 respondents (6.13%) that hold other than stated above in term of academic qualification were involved. Meanwhile, the respondents with Master qualification were the least which were 20 respondents (5.33%).

#### 4.4.6 Monthly Income

Table 4.10: Frequency Analysis on Monthly Income of Respondents

	Frequency	Percentage%
Less than RM2000	277	73.90
RM2001- RM4000	77	20.50
RM4001- RM8000	16	4.30
RM8001- RM12000	3	0.80
RM12000 and above	2	0.50
Total	375	100.00

The monthly income less than RM 2000 had the highest number of respondents that was 277 (73.90%) while the respondents with salary RM 1200 and above had the lowest that were 2 respondents (0.50%). Respondents with monthly income RM2001-4000 and RM 4001-8000 had number of respondents 77 (20.50%) and 16 (4.3%), respectively. Only 3 respondents that have monthly income RM 8001-12000 with percentage (0.80%) were involved in this study.

#### 4.4.7 Visit Frequency

Table 4.11: Frequency Analysis on Visit Frequency of Respondents

	Frequency	Percentage %
Never	13	3.50
Ever week	183	48.80
Every month	118	31.50
Every three months	38	10.10
Every six months	23	6.10
Total	375	100.00

For frequency of respondents visit, there were 23 respondents (3.50%) that shop in traditional retailer once in half a year. The highest frequency was 183 respondents (48.80%) that visit every week in a year. In contrast, the least frequency was 13 respondents (3.50%) that had never shop in traditional retailer. The number of respondents that visit traditional retailer every three months in a year is 38 respondents (10.10%) while 118 respondents (31.5%) visit traditional retailer monthly.

#### 4.4.8 Product Purchase

Table 4.12: Frequency Analysis on Product Purchase of Respondents

	Frequency	Percentage%
Food and beverage	264	70.40
Clothing	44	11.70
Electronics	14	3.70
Stationary	8	2.10
Others	45	12.00
Total	375	100.00

For product purchase, food and beverage was the highest of the respondents purchase when visit traditional retail store. The frequency of this category was 264 respondents (70.40%). Meanwhile, stationery had the least frequency which is 8 respondents (2.10%). Clothing and electronics had the frequency of 44 respondents (11.70%) and 14 respondents (3.70%) respectively. Lastly, there were 45 respondents (12.00%) which also tend to purchase product in other categories.

#### 4.4.9 Money Spend

Table 4.13: Frequency Analysis on Money Spend of Respondents

	Frequency	Percentage%
Below RM 100	274	73.10
RM 101- RM 300	85	22.70
Above RM 300	16	4.30
Total	375	100.00

Lastly, the money spends below RM 100 by respondents when visiting traditional retail stores was the highest which involved 274 respondents (73.10%). 85 respondents (22.70%) were spent the money between RM 101 to RM300. The money spends above RM 300 was the lowest which included only 16 respondents (4.30%).

#### 4.5 Validity and Reliability Test

Reliability test was used in this study to evaluate the quality of the research which reliability is about the consistency of a measure, and validity is about the accuracy of a measure.

Table 4.14 Reliability Analysis for Dependent Variable and Independent Variable

Variable	Cronbach's Alpha	N of items
Customer Loyalty	0.868 (Good)	5
Product Quality	0.868 (Good)	5
Service Quality	0.688(Questionable)	5
Price Fairness	0.867 (Good)	6
Total	0.924 (Excellence)	21

Table 4.14 shows the result of the reliability analysis that had been tested by using the method of Cronbach's Alpha analysis. This test had been carried out by a total number of 375 respondents and the total number of items that shows from table was 21 items. Generally, the value of alpha was 0.924 which indicate a high reliability of the items.

For the dependent variable which is customer loyalty, the value of alpha was 0.868 which is categorized as good (Deepa Enlighten, 2017). On the other hand, for independent variables such as product quality and price fairness, the alpha values are 0.868 and 0.867 respectively which indicated as reliable. While the alpha value of service quality

is 0.688 which is questionable. However, values of 0.60 to 0.70 deemed the lower limit of acceptability (Joseph, Hair, William, Barry, Rolph & Anderson, 2010).

#### 4.6 Normality Test

The normality tests are additional of the graphical assessment of normality (Elliott & Woodward, 2007). Normality test is used to define if the sample data has been collected from a normally distribution. Normality test that present by SPSS software are Kolmogorov-Smirnov (K-S) test and Shapiro-Wilk test. According to a rule of thumb, the study was concluded that a variable is not normally distributed if p less than 0.05 ( $p < 0.05$ ).

Table 4.15 Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Product Quality	.119	375	.000	.966	375	.000
Service Quality	.106	375	.000	.963	361	.000
Price Fairness	.103	375	.000	.944	375	.000

a. Lilliefors Significance Correction

Table 4.15 shows the result of the normality test using both Kolmogorov-Smirnov test and Shapiro-Wilk test. In both tests, the significance values, p value of each of the independent variables is 0.000, which is less than 0.05 ( $p < 0.05$ ). The result shows that the data do not follow a normal distribution. Therefore, the null hypothesis for each variable is rejected.



#### 4.7 Spearman's Rank Correlation

The Spearman Correlation was used to investigate relationship between independent variables and dependent variables. Table 4.16 shows that the three independent variables had significant relationship with dependent variable since the p-value is less than 0.01 ( $p < 0.01$ ). There was also a positive correlation between independent variables and dependent variables according to Table 3.7

Table 4.16 Spearman's Rank Correlation

			Customer Loyalty	Product Quality	Service Quality	Price Fairness
Spearman's rho	Customer Loyalty	Correlation Coefficient	1.000	0.548**	0.603**	0.551**
		Sig. (2-tailed)	.	0.000	0.000	0.000
		N	375	375	375	375
	Product Quality	Correlation Coefficient	0.548**	1.000	0.544**	0.600**
		Sig. (2-tailed)	0.000	.	0.000	0.000
		N	375	375	375	375
	Service Quality	Correlation Coefficient	0.603**	0.544**	1.000	0.648**
		Sig. (2-tailed)	0.000	0.000	.	0.000
		N	375	375	375	375
Price Fairness	Correlation Coefficient	0.551**	0.600**	0.648**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000	.	
	N	375	375	375	375	

\*\* . Correlation is significant at the 0.01 level (2-tailed)

**4.7.1: There is a significant relationship between product quality and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.**

Based on Table 4.16, it shows that there is a significant relationship between product quality and customer loyalty towards traditional retailers. The Spearman's Rank Correlation coefficient for product quality and customer loyalty was 0.548 ( $r=0.548$ ) and this indicates that the strength of correlation between product quality and customer loyalty is strong positive relationship of correlation. Furthermore, the p-value which was 0.000 showing the correlation is significant at the 0.01 level for the factor product quality. Therefore, the first hypothesis was supported where product quality and customer loyalty had a strong positive relationship.

**4.7.2: There is a significant relationship between service quality and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.**

By referring Table 4.16, it shows that the p-value which is 0.000 showing the correlation is significant at the 0.01 level for the factor service quality. It means that there is relationship between customer loyalty towards traditional retailers with service quality. The Spearman's Rank correlation coefficient for service quality and customer loyalty was 0.603 ( $r=0.603$ ) and this shows that the strength of correlation between service quality and customer loyalty is moderate positive correlation. Hence the second hypothesis was supported where service quality and customer loyalty have strong positive relationship.

**4.7.3: There is a significant relationship between price fairness and customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.**

The size of Spearman's Rank correlation coefficient for price fairness and customer loyalty was 0.551( $r=0.551$ ) and this represents that the strength of correlation between price fairness and customer loyalty is strong positive correlation. The significant level obtained is 0.000 and this shows that there is a significant relationship between price fairness and customer loyalty towards traditional retailers. Therefore, the third hypothesis was supported.

#### **4.8 Multiple Linear Regression**

Multiple regression analysis is a statistical technique that can be used to analyse between the two variables involved that is dependent variable and independent variable (Salim Abdul Talib et al, 2013). This method was applied in this study to investigate the relationship between the three independent variables which are product quality, service quality and price fairness on customer loyalty towards traditional retailers.

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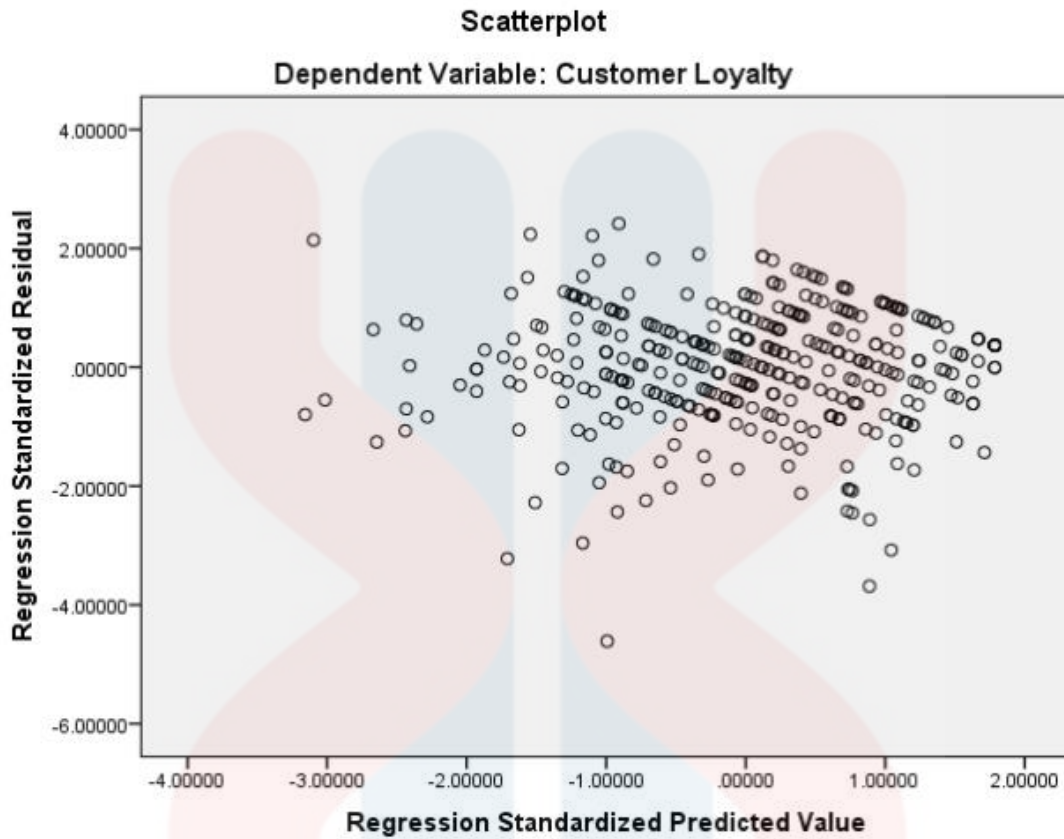


Figure 4.1 shows the scatter plot of the customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan.

Table 4.17 Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	0.670 <sup>a</sup>	0.449	0.444	0.53506

a. Predictors: (Constant), Service Quality, Product Quality, Price Fairness

b. Dependent variable: Customer Loyalty

From the Table 4.17, R square value was 0.449, it means that 44.9% of variation in customer loyalty towards traditional retailers can be explained by product quality, service quality and price fairness. Meanwhile, 55.1 % can be explained by other variables that may not include in this study.

Table 4.18: ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	86.453	3	28.818	100.658	0.000 <sup>d</sup>
	Residual	106.215	371	0.286		
	Total	192.668	374			

The significance value (p-value) from the anova table as shown in Table 4.29 was 0.000, which is less than 0.05. ( $p < 0.05$ ). This means that at least one of the three variables can be used to model the customer loyalty. As it can be seen from the Table 4.29, product quality, service quality and price fairness had significant and positive regression and can be concluded that all variables contributed to the multiple linear regressions.

Table 4.19: Coefficients<sup>a</sup>

Model	Unstandardized coefficient		t	Sig.
	B	Std.Error		
Constant	0.339	0.217	1.564	0.119
Service Quality	0.341	0.054	6.288	0.000
Product Quality	0.375	0.064	5.884	0.000
Price Fairness	0.177	0.063	2.807	0.005

a. Dependent Variable: Customer Loyalty

Based on the table 4.19, the equation for regression of customer loyalty as below:

$$\gamma = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3$$

Where,

$$\gamma = \alpha + \beta_1 (\text{Service Quality}) + \beta_2 (\text{Product Quality}) + \beta_3 (\text{Price Fairness})$$

$$x_1 = \text{Product Quality}$$

$$x_2 = \text{Service Quality}$$

$$x_3 = \text{Price Fairness}$$

(4.1)

Therefore, the equation (4.1) can be written as:

$$\text{Customer Loyalty} = 0.339 + 0.341(\text{Service Quality}) + 0.375(\text{Product Quality}) + 0.177(\text{Price Fairness})$$

(4.2)

In Equation 4.1 change into Equation (4.2), are independent variables while is dependent variable which is customer loyalty. Since the p-value for all three independent variables such as product quality, service quality and price fairness are less than 0.001 ( $<0.05$ ), therefore, all three independent variables are significant to customer loyalty towards traditional retailers.

Unstandardized coefficients beta represents the strength of the effect of every single of the independent variable to the dependent variable. The higher the value of the beta coefficient, the stronger the effect of independent variable towards dependent variable. For instance, service quality with a beta of 0.341 has a stronger effect than price fairness with a beta of 0.177. From the Table 4.19, it can be seen that the product quality had the strongest positive effect towards customer loyalty and the most influence factors to the customer loyalty towards traditional retailers. It is because the value of beta coefficient ( $\beta$ ) of product quality was the highest compared to service quality and price fairness.

#### 4.10 Conclusion

This chapter has outlined the demographic profile and result for hypothesis used in the study. Data that has been collected through the distribution of questionnaires were analysed by SPSS Statistics. From the analysis, it shows that all the independent variables (product quality, service quality, price fairness) had significant positive relationship with the dependent variable (customer loyalty towards traditional retailers). In addition to that, the most factors that influence the customer loyalty towards traditional retailers in Pengkalan Chepa, Kelantan was product quality. Discussion about summary of findings, findings and discussions, implications of the study, limitations of the study and recommendations for future research will be discuss in chapter five.



## CHAPTER 5

### CONCLUSION AND RECOMMENDATION

#### 5.1. Introduction

This chapter is discussed about the key finding, implication, limitation, recommendation for future research and summary of the study.

#### 5.2. Key Findings

Based on the study, the three variables (product quality, service quality, price fairness) affect the customer loyalty toward traditional retailer. In addition to that, the most factors that affect the customer loyalty toward traditional retailer was product quality.

#### 5.3. Discussion

##### 5.3.1. Hypothesis 1

: There is positive relationship between product quality and customer loyalty

Based on the study, the first research objective is to examine the relationship between product quality and customer loyalty towards traditional retailer. According to the result in chapter 4, there is fair significant which was 0.572 and the p-value is less than 0.01. The result has exposed that, there was a positive relationship between product quality and customer loyalty. Product quality has clearly showed that there is a significant that give impact to customer loyalty. A study by Van Doorn et al. (2015) show a direct effect, whereby the greater the perceived product quality, the greater the level of customer engagement.

### 5.3.2. Hypothesis 2

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

The second hypothesis is to investigate the relationship between service quality and customer loyalty toward traditional retailer. Based on the result in chapter 4, the correlation is 0.591 that is average and the p-value is less than 0.01. It clearly showed that there has positive relationship between service quality and customer loyalty. The study in Darwin, Suwana and Theingi (2017) has shown that service quality will affect positively in customer engagement. It will increase the loyalty of customer in traditional retailer.

### 5.3.3. Hypothesis 3

: There is a relationship between price fairness and customer loyalty

The last hypothesis is to determine the relationship between price fairness and customer loyalty towards traditional retailer. Based on the result in chapter 4, the correlation value is 0.549 and the p-value that is less than 0.01. It showed that it has positive relationship between price fairness and customer loyalty. Price is one of the important indicators for the customer to discuss the offer price in the service providers that influence customer loyalty (Nguyen, Conduit, Lu & Hill, 2016). Based on that theory price fairness will positively correlated to customer loyalty (Nguyen et. al. 2016).

## **5.4. Implication of study**

There was considerable implication found in this study

### **5.4.1 Traditional Retailer**

The first impact is to the traditional retailer. They will get the impact based on this study. The traditional retailer will get benefit based on this study. Traditional Retailer will know how to attract customer to their store and make sure the customer loyal to their store. All the factor has given a positive impact to the traditional retailer.

## **5.5. Limitation of study**

There was considerable limitation founded in the progress of this study.

### **5.5.1. Respondent**

Based on the study, the questionnaire survey that has been conducted which involved 375 respondents was quite narrow to produce the result. Other than that, it also happens some of the respondent misunderstood the question and they did not follow the instruction that already given in the questionnaire. So, it has affected the result of the study. In this study, Five Likert Scale has been used. It happens that the respondent cannot give their thought and comment in this study. It might also happen the respondent answer in same scale.

### **5.5.2. Place of the study**

In the study, the limitation of the place has been made only in one place at Kelantan that is in Pengkalan Chepa. It happens when the researcher wants to collect data some of the respondent, they cannot reach them like Chinese and Indian people. So, it has become one of the limitations to the researcher to find the respondent just in one place. It can happen some respondent might be chosen and it will affect the result of the study.

### **5.5.3. Opinion Gen X and Gen Y**

In this study, the generation that is choose to answer questionnaire from Gen X to Gen Y. The range of the age Gen X to Gen Y is 18 until 63 years old. It has become one of the limitations to the researcher because the different opinion from Generation X and Generation Y. Generation X and Generation Y have different thought and opinion about the store. When they answer the question, it might from their perception but Generation Y might answer based on the same scale they choose. It will affect the result of the research.

## **5.6. Recommendation and Suggestion for Future Research**

When there is limitation in the study, the issues that happen are hardly to solve. The researcher needs to put more achievement to produce a valid result.

### **5.6.1. Increase the sample size**

In this study, the questionnaire survey is conducted based on 375 respondent which are partial unable to produce consistent result. To get the better sample size in the study the researcher can maximize the number of respondents to get better

result. If the sample size is increase it will help the researcher to get more respondent and different opinion and thought in the study.

#### **5.6.2. Increase the place of study.**

In this study, the place that is choose is only one place at Kelantan that is Pengkalan Chepa to make sure that the researcher can completed it in fast way and get accurate result. The researcher can make sure that they can get respondent from all over place in Kelantan. The researcher can widen the scope of the place in the study. It will help the researcher to get different opinion and get different culture of people.

#### **5.6.3. Focus on one generation**

In this study, two generation has been chosen that is generation X and Generation y to make the result more consistent and accurate. The researcher can focus on only one generation only. So that the opinion and the way of answer the question will be same. Furthermore, if the generation is fixed to one generation only. The way of collected data will be easier because of the perception that is same.

#### **5.6.4. Suggestion for future research.**

For the future research, the researchers can study both qualitative and quantitative ways in data collection method. In this study, the researcher had focused on the influence customer loyalty toward traditional retailer that is product quality, service quality and price fairness. There is other factor that can give impact on customer loyalty towards traditional retailer.

## 5.7. Overall Conclusion of the Study

This research has been made to know the factor that affect customer loyalty toward traditional retailer in Pengkalan Chepa, Kelantan. Three dependent variables have been observed that is product quality, service quality and price fairness. In chapter 3, the researcher already mention that the data will be collected using questionnaire method using Google form and distributed face to face to the respondent. All the questionnaire has been distributed to the people in Pengkalan Chepa, Kelantan.

Meanwhile, in chapter 4, the result and findings about this study has been carried out using SPSS analysis that is reliability analysis, Pearson correlation analysis and multiple regression analysis are used to interpret the data. The final result show both variables give positive relationship to customer loyalty.

In this chapter 5, the summarized of result has been analysed. In the end, all of the three hypotheses give positive relationship and none of them are rejected. It also has discussed the implication and limitation in the study to know the advantages and disadvantages of the study that will be used in the future research

In conclusion the independent variable that affect the most is product quality. For instance, service quality with a beta of 0.341 has a stronger effect than price fairness with a beta of 0.177. Product quality, a beta of 0.375 has a strongest positive effect towards customer loyalty based on this study. Furthermore, product quality ( $\beta = 0.375$ ) contribute most positive and significantly effect on customer loyalty towards traditional retailers and price fairness ( $\beta = 0.177$ ) has less significantly and less positive effect to customer loyalty.

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## APPENDIX A

### FACTORS AFFECTING CUSTOMERS LOYALTY TOWARDS TRADITIONAL RETAILER IN PENGKALAN CHEPA, KELANTAN

Dear respondents, Responden yang dihormati,

Assalamualaikum w.b.t. and greetings. We are University Malaysia Kelantan (UMK) students in Bachelor of Entrepreneurship (Retailing) who are conducting a research on consumer loyalty towards traditional retailer at Pengkalan Chepa, Kelantan. Therefore, we hope all respondents can answer **ALL** the questions provided. Your opinion is important in the compilation of the study. The information provided by you will be kept confidential and used for research purpose only.

Assalamualaikum w.b.t dan salam sejahtera. Kami adalah pelajar Universiti Malaysia Kelantan (UMK) di dalam Ijazah Sarjana Muda Keusahawanan (Peruncitan) sedang menjalankan kajian terhadap kesetiaan pengguna terhadap kedai runcit tradisional di Pengkalan Chepa, Kelantan. Oleh itu, kami berharap semua responden dapat menjawab **SEMUA** soalan yang disediakan. Pendapat anda sangat penting bagi menyiapkan penyelidikan ini. Maklumat yang anda berikan akan dirahsiakan dan akan digunakan bagi tujuan penyelidikan sahaja.

Prepared by/ Disediakan oleh,

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## SECTION (1) DEMOGRAPHIC INFORMATION

Please tick (✓) in the appropriate box below. / Sila tandakan pada jawapan yang sesuai.

1. Gender / Jantina

- Male / Lelaki  
 Female / Perempuan

2. Age / Umur

- 18 - 32years / tahun  
 33 - 47years / tahun  
 48 - 62years / tahun  
 63 and above / 63 dan keatas

3. Marital status / Status perkahwinan

- Single / Bujang  
 Married / Berkahwin

4. Ethnic / Kaum

- Malay / Melayu  
 Chinese / Cina  
 Indian / India  
 Others / Lain-lain

5. Academic qualification / Kelayakan akademik

- Malaysia Certificate of Education / Sijil Pelajaran Malaysia (SPM)  
 Diploma / Diploma  
 Degree / Ijazah Sarjana Muda  
 Master / Ijazah Sarjana  
 Others / Lain-lain



6. Monthly income / Pendapatan bulanan
- Less than RM2000 / Kurang daripada RM2000
  - RM2001 – RM4000
  - RM4001 – RM8000
  - RM8001 – RM12000
  - RM12000 and above / RM12000 dan keatas
7. How many times in a year do you shop at traditional retailer? / Berapa kali anda membeli-belah di kedai runcit tradisional dalam tempoh setahun?
- Never / Tidak pernah
  - Every week / Setiap Minggu
  - Every month / Setiap bulan
  - Every 3 month / Setiap 3 bulan
  - Every 6 month / Setiap 6 bulan
8. Product purchase categories / Kategori pembelian produk
- Food & Beverage / Makanan & Minuman
  - Clothing / Pakaian
  - Electronics / Elektronik
  - Stationary / Alat-tulis
  - Others / Lain-lain
9. How much money do you spend each time when you shop in traditional retail store? / Berapa banyak anda berbelanja apabila membeli-belah di kedai runcit tradisional?
- Below RM100 / Kurang daripada RM100
  - RM101 – RM300
  - Above RM300 / RM300 dan keatas

## SECTION (B): CUSTOMER LOYALTY

This section is designed to acquire information with regard to customer loyalty of Traditional Retailers in Malaysia. Please tick (√) in the box to indicate how agreeable you are with the following statements on 1- 5-point scale.

Bahagian ini direka bentuk untuk memperoleh maklumat mengenai kesetiaan pelanggan terhadap kedai runcit tradisional di Malaysia. Sila tandakan (√) dalam kotak untuk menunjukkan bagaimana anda bersetuju dengan pernyataan berikut pada skala 1- 5 titik.

### KEYWORDS:

Traditional retailer known as brick-and-mortar stores that operates with physical storefront at a physical location and without using online platform to promote their product.

Kedai runcit tradisional dikenali sebagai peruncit yang mempunyai bangunan kedai yang beroperasi menggunakan kedai fizikal di lokasi fizikal dan tidak menggunakan sebarang tapak talian terus untuk mempromosi produk mereka.

Degree of agreement	Disagree/ Tidak Bersetuju	Neutral/ Neutral	Agree / Bersetuju	Strongly Agree / Sangat Bersetuju
Scale	2	3	4	5

No	Statements			Rating		
1	I am a loyal customer of this traditional retailers and I come here often. / Saya merupakan pelanggan setia kedai runcit tradisional dan saya sering datang ke sini.	1	2	3	4	5



2	I will continue to shop at this traditional retailer. / Saya akan terus berbelanja di kedai runcit tradisional ini.	1	2	3	4	5
3	I will influence others to shop at this traditional retailer. / Saya akan mempengaruhi orang lain untuk berbelanja di kedai runcit tradisional ini.	1	2	3	4	5
4	I will consider traditional retailer stores as one of the first choice to buy things. / Saya akan mempertimbangkan kedai runcit tradisional sebagai salah satu pilihan pertama untuk membeli barang.	1	2	3	4	5
5	I will give positive feedback about traditional retail stores to other people. / Saya akan memberi komen positif terhadap kedai runcit tradisional kepada orang lain.	1	2	3	4	5

### SECTION (C): PART 1: PRODUCT QUALITY

This section is designed to acquire information about product quality of traditional retailers in Malaysia. Please tick (✓) in the box to indicate how agreeable you are with the following statements on 1- 5-point scale.

Bahagian ini direka bentuk untuk memperoleh maklumat mengenai kesetiaan pelanggan terhadap kedai runcit tradisional di Malaysia. Sila tandakan (√) dalam kotak untuk menunjukkan bagaimana anda bersetuju dengan pernyataan berikut pada skala 1- 5 titik

Degree of agreement	Strongly Disagree / Sangat Tidak Bersetuju	Disagree/ Tidak Bersetuju	Neutral/ Neutral	Agree / Bersetuju	Strongly Agree / Sangat Bersetuju
Scale	1	2	3	4	5

No	Statements			Rating		
1	Products available at traditional retail stores can be seen, heard, smelt, tasted and touched. / Produk yang ada di kedai runcit tradisional boleh dilihat, didengar, dibau, dirasa dan disentuh.	1	2	3	4	5
2	To measure the product quality, accuracy in the product information is important. / Untuk mengukur kualiti produk, maklumat produk yang tepat adalah penting.	1	2	3	4	5
3	The product in traditional retail stores are recommended by advertising. / Produk di kedai runcit tradisional disyorkan melalui pengiklanan.	1	2	3	4	5

4	To measure the product quality, durability product is important to me. / Untuk mengukur kualiti produk, ketahanan produk adalah penting bagi saya.	1	2	3	4	5
5	Traditional retail stores have offered many types of product variety. / Kedai runcit tradisional telah menawarkan pelbagai jenis produk.	1	2	3	4	5

**PART 2: SERVICE QUALITY**

This section is intended to acquire information with regard to the importance of service quality of Traditional Retailers in Malaysia. Please tick (√) in the box to indicate how agreeable you are with the following statement on 1-5-point scale.

Bahagian ini direka bentuk untuk memperoleh maklumat mengenai kesetiaan pelanggan terhadap kedai runcit tradisional di Malaysia. Sila tandakan (√) dalam kotak untuk menunjukkan bagaimana anda bersetuju dengan pernyataan berikut pada skala 1- 5 titik

Degree of agreement	Strongly Disagree / Sangat Tidak Bersetuju	Disagree/ Sangat Bersetuju	Neutral/ Neutral	Agree/ Bersetuju	Strongly Agree / Sangat Bersetuju
Scale	1	2	3	4	5

No	Statements			Rating		
1	The store fixtures and facilities in traditionl retail stores are attractive. /	1	2	3	4	5

	Bahagian dalaman kedai dan kemudahan di kedai runcit tradisional adalah menarik.					
2	The salespersons in traditional retail stores are polite. / Jurujual di kedai runcit tradisional sangat sopan.	1	2	3	4	5
3	The salesperson can answer all my questions. / Jurujual boleh menjawab semua soalan saya.	1	2	3	4	5
4	The store layout in traditional retail stores makes it easy to find what I need. / Susun atur di kedai runcit tradisional memudahkan saya untuk mencari apa yang diperlukan.	1	2	3	4	5
5	The traditional retail stores offer me convenient opening hours. / Kedai runcit tradisional menawarkan saya waktu operasi yang bersesuaian.	1	2	3	4	5
6	The salesperson at traditional retail stores entertains customers nicely and professionally. /	1	2	3	4	5

	Jurujual di kedai runcit tradisional melayan pelanggan dengan baik dan profesional.					
--	---	--	--	--	--	--

### PART 3: PRICE FAIRNESS

This section is intended to acquire information with regard to the importance of service quality of Traditional Retailer Store in Malaysia. Please tick (√) in the box to indicate how agreeable you are with the following statement on 1- 5-point scale.

Bahagian ini direka bentuk untuk memperoleh maklumat mengenai kesetiaan pelanggan terhadap kedai runcit tradisional di Malaysia. Sila tandakan (√) dalam kotak untuk menunjukkan bagaimana anda bersetuju dengan pernyataan berikut pada skala 1- 5 titik

Degree of agreement	Strongly Disagree / Sangat Tidak Bersetuju	Disagree/ Tidak Bersetuju	Neutral/ Neutral	Agree / Bersetuju	Strongly Agree/ Sangat Bersetuju
Scale	1	2	3	4	5

No	Statements			Rating		
1	The prices offered are affordable. / Harga yang ditawarkan adalah berpatutan.	1	2	3	4	5
2	The price offered gives a good quality product. / Harga yang ditawarkan memberikan kualiti produk yang baik.	1	2	3	4	5

3	Discounts on product purchased at traditional retail stores are important to me. / Diskaun pembelian produk di kedai runcit tradisional adalah penting bagi saya.	1	2	3	4	5
4	The promotional price at traditional retail stores is important to me. / Harga promosi di kedai runcit tradisional adalah penting bagi saya.	1	2	3	4	5
5	Low prices offered at traditional retail stores will attract me to purchase. / Harga rendah yang ditawarkan di kedai runcit tradisional akan menarik minat saya untuk membeli.	1	2	3	4	5

## APPENDIX B

### SPSS (STATISTICAL PACKAGE OF SOCIAL SCIENCE) DATA:

#### Reliability Analysis (N=375)

**Scale: ALL VARIABLES**

#### Case Processing Summary

		N	%
Cases	Valid	375	100.0
	Excluded <sup>a</sup>	0	.0
	Total	375	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's	
Alpha	N of Items
.868	5

#### Reliability Statistics

Cronbach's	
Alpha	N of Items
.688	5

#### Reliability Statistics

Cronbach's	
Alpha	N of Items
.867	6

#### Reliability Statistics

Cronbach's	
Alpha	N of Items
.827	5

#### Reliability Statistics

Cronbach's	
Alpha	N of Items
.924	21

**Reliability Analysis (Pilot Test, N=65)**

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	65	100.0
	Excluded <sup>a</sup>	0	.0
	Total	65	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's	
Alpha	N of Items
.894	5

**Reliability Statistics**

Cronbach's	
Alpha	N of Items
.528	5

**Reliability Statistics**

Cronbach's	
Alpha	N of Items
.824	6

**Reliability Statistics**

Cronbach's	
Alpha	N of Items
.734	5

Reliability Statistics

Cronbach's	
Alpha	N of Items
.855	21





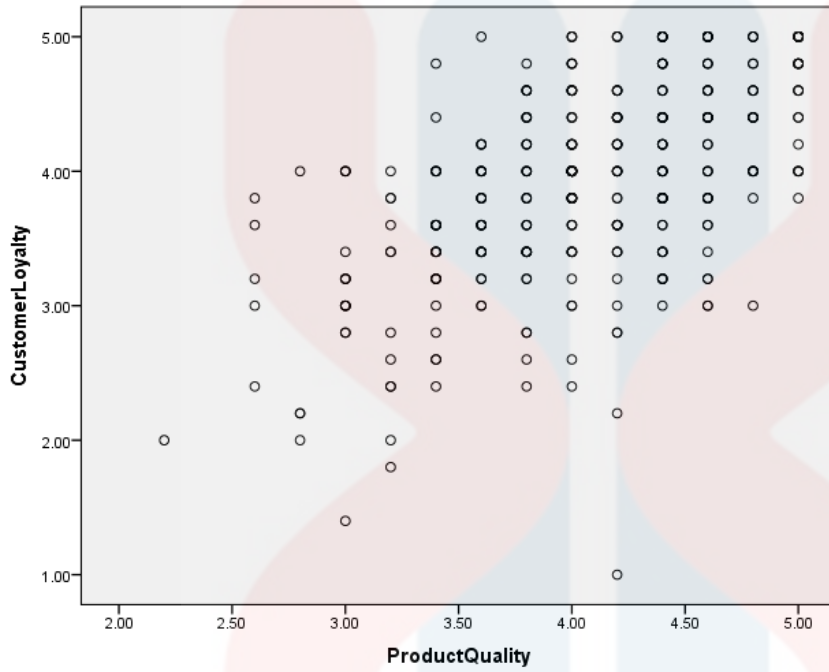
## Correlations

		CustomerLoyalty	ProductQuality	ServiceQuality
CustomerLoyalty	Pearson Correlation	1	.572**	.591**
	Sig. (2-tailed)		.000	.000
	N	375	375	375
ProductQuality	Pearson Correlation	.572**	1	.549**
	Sig. (2-tailed)	.000		.000
	N	375	375	375
ServiceQuality	Pearson Correlation	.591**	.549**	1
	Sig. (2-tailed)	.000	.000	
	N	375	375	375
PriceFairness	Pearson Correlation	.549**	.612**	.646**
	Sig. (2-tailed)	.000	.000	.000
	N	375	375	375

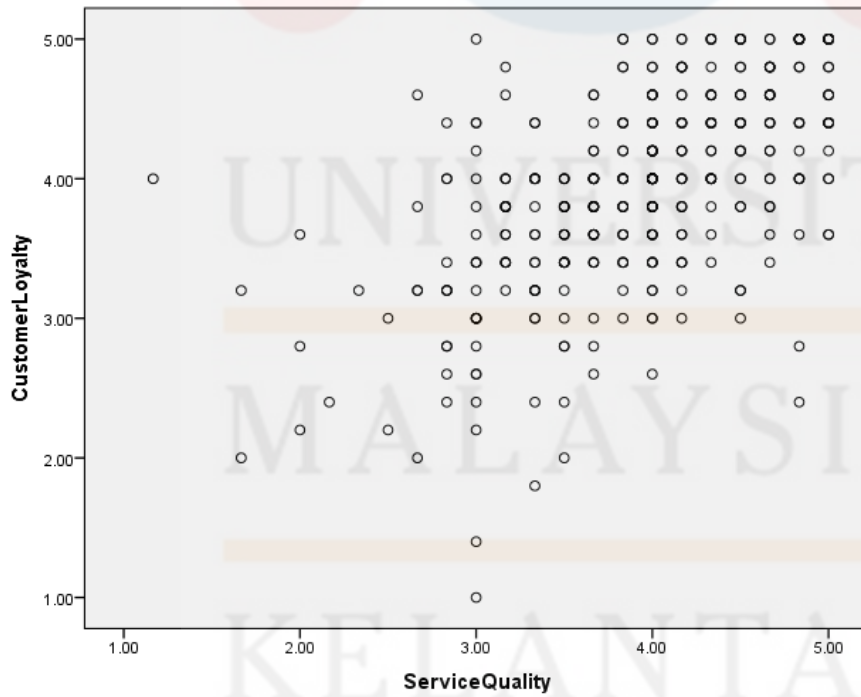
		PriceFairness
CustomerLoyalty	Pearson Correlation`	.549**
	Sig. (2-tailed)	.000
	N	375
ProductQuality	Pearson Correlation	.612**
	Sig. (2-tailed)	.000
	N	375
ServiceQuality	Pearson Correlation	.646**
	Sig. (2-tailed)	.000
	N	375
PriceFairness	Pearson Correlation	1
	Sig. (2-tailed)	
	N	375

\*\* . Correlation is significant at the 0.01 level (2-tailed).

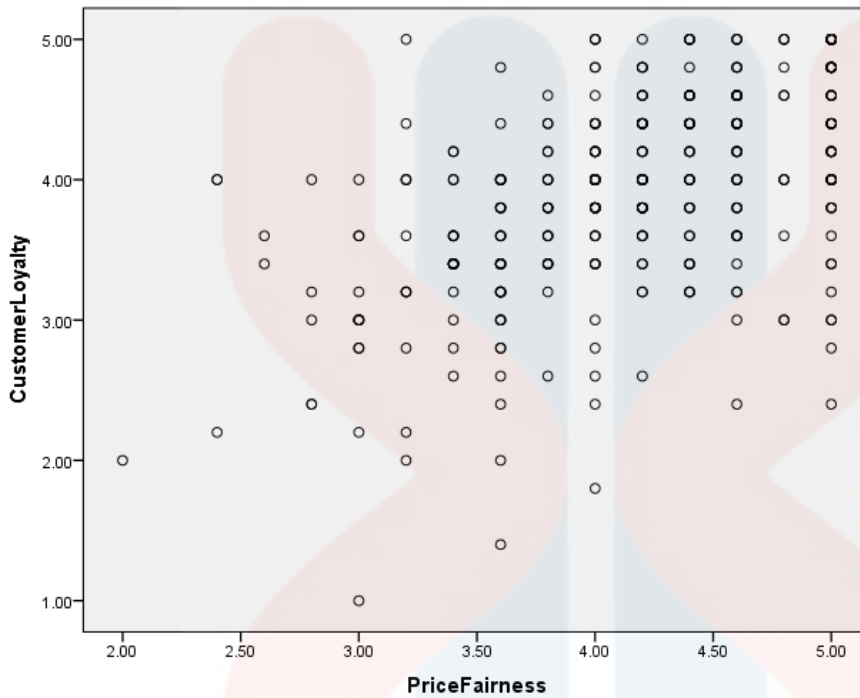
### Graph



### Graph



**Graph**



**Regression**

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	ProductQuality		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.572 <sup>a</sup>	.327	.325	.58969

a. Dependent Variable: CustomerLoyalty

a. Predictors: (Constant), ProductQuality

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.965	1	62.965	181.075	.000 <sup>b</sup>
	Residual	129.703	373	.348		
	Total	192.668	374			

a. Dependent Variable: CustomerLoyalty

b. Predictors: (Constant), ProductQuality

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

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.994	.221		4.488	.000
	ProductQuality	.723	.054	.572	13.456	.000

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

95.0% Confidence Interval for B

Model		Lower Bound	Upper Bound
1	(Constant)	.558	1.429
	ProductQuality	.617	.828

a. Dependent Variable: CustomerLoyalty

**Regression**

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	ServiceQuality		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.591 <sup>a</sup>	.350	.348	.57960

a. Predictors: (Constant), ServiceQuality

a. Dependent Variable: CustomerLoyalty

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.365	1	67.365	200.529	.000 <sup>b</sup>
	Residual	125.304	373	.336		
	Total	192.668	374			

a. Dependent Variable: CustomerLoyalty

b. Predictors: (Constant), ServiceQuality

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.537	.173		8.901	.000
	ServiceQuality	.614	.043	.591	14.161	.000

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

Model		95.0% Confidence Interval for B	
		Lower Bound	Upper Bound
1	(Constant)	1.197	1.876
	ServiceQuality	.528	.699

a. Dependent Variable: CustomerLoyalty

**Regression**

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	PriceFairness		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: CustomerLoyalty

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.549 <sup>a</sup>	.301	.299	.60090

a. Predictors: (Constant), PriceFairness

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.987	1	57.987	160.595	.000 <sup>b</sup>
	Residual	134.681	373	.361		
	Total	192.668	374			

a. Dependent Variable: CustomerLoyalty

b. Predictors: (Constant), PriceFairness

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.333	.208		6.398	.000
	PriceFairness	.627	.049	.549	12.673	.000

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

95.0% Confidence Interval for B

Model		Lower Bound	Upper Bound
1	(Constant)	.924	1.743
	PriceFairness	.530	.724

a. Dependent Variable: CustomerLoyalty

**Regression**

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	ServiceQuality		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	ProductQuality		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	PriceFairness		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: CustomerLoyalty

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.591 <sup>a</sup>	.350	.348	.57960
2	.661 <sup>b</sup>	.437	.434	.53999
3	.670 <sup>c</sup>	.449	.444	.53506

a. Predictors: (Constant), ServiceQuality

b. Predictors: (Constant), ServiceQuality, ProductQuality

c. Predictors: (Constant), ServiceQuality, ProductQuality, PriceFairness

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.365	1	67.365	200.529	.000 <sup>b</sup>
	Residual	125.304	373	.336		
	Total	192.668	374			
2	Regression	84.197	2	42.099	144.376	.000 <sup>c</sup>
	Residual	108.471	372	.292		
	Total	192.668	374			
3	Regression	86.453	3	28.818	100.658	.000 <sup>d</sup>
	Residual	106.215	371	.286		
	Total	192.668	374			

a. Dependent Variable: CustomerLoyalty

b. Predictors: (Constant), ServiceQuality

c. Predictors: (Constant), ServiceQuality, ProductQuality

d. Predictors: (Constant), ServiceQuality, ProductQuality, PriceFairness

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.537	.173		8.901	.000
	ServiceQuality	.614	.043	.591	14.161	.000
2	(Constant)	.502	.211		2.381	.018
	ServiceQuality	.412	.048	.397	8.533	.000
	ProductQuality	.447	.059	.354	7.598	.000
3	(Constant)	.339	.217		1.564	.119
	ServiceQuality	.341	.054	.328	6.288	.000
	ProductQuality	.375	.064	.297	5.884	.000
	PriceFairness	.177	.063	.155	2.807	.005



## Coefficients<sup>a</sup>

Model		95.0% Confidence Interval for B	
		Lower Bound	Upper Bound
1	(Constant)		
	ServiceQuality	1.197	1.876
2	(Constant)	.528	.699
	ServiceQuality	.087	.916
	ProductQuality	.317	.507
3	(Constant)	.331	.563
	ServiceQuality	-.087	.765
	ProductQuality	.234	.447
	PriceFairness	.250	.500
		.053	.301

a. Dependent Variable: CustomerLoyalty

## Excluded Variables<sup>a</sup>

Model		Beta In	t	Sig.	Partial Correlation	Collinearity
						Statistics
						Tolerance
1	ProductQuality	.354 <sup>b</sup>	7.598	.000	.367	.699
	PriceFairness	.286 <sup>b</sup>	5.422	.000	.271	.583
2	PriceFairness	.155 <sup>c</sup>	2.807	.005	.144	.488

a. Dependent Variable: CustomerLoyalty

b. Predictors in the Model: (Constant), ServiceQuality

c. Predictors in the Model: (Constant), ServiceQuality, ProductQuality

## Regression

### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	ServiceQuality		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	ProductQuality		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	PriceFairness		. Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: CustomerLoyalty

**Model Summary<sup>d</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.591 <sup>a</sup>	.350	.348	.57960
2	.661 <sup>b</sup>	.437	.434	.53999
3	.670 <sup>c</sup>	.449	.444	.53506

a. Predictors: (Constant), ServiceQuality

b. Predictors: (Constant), ServiceQuality, ProductQuality

c. Predictors: (Constant), ServiceQuality, ProductQuality, PriceFairness

d. Dependent Variable: CustomerLoyalty

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.365	1	67.365	200.529	.000 <sup>b</sup>
	Residual	125.304	373	.336		
	Total	192.668	374			
2	Regression	84.197	2	42.099	144.376	.000 <sup>c</sup>
	Residual	108.471	372	.292		
	Total	192.668	374			
3	Regression	86.453	3	28.818	100.658	.000 <sup>d</sup>
	Residual	106.215	371	.286		
	Total	192.668	374			

a. Dependent Variable: CustomerLoyalty

b. Predictors: (Constant), ServiceQuality

c. Predictors: (Constant), ServiceQuality, ProductQuality

d. Predictors: (Constant), ServiceQuality, ProductQuality, PriceFairness

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.537	.173		8.901	.000
	ServiceQuality	.614	.043	.591	14.161	.000
2	(Constant)	.502	.211		2.381	.018
	ServiceQuality	.412	.048	.397	8.533	.000
	ProductQuality	.447	.059	.354	7.598	.000
3	(Constant)	.339	.217		1.564	.119
	ServiceQuality	.341	.054	.328	6.288	.000
	ProductQuality	.375	.064	.297	5.884	.000
	PriceFairness	.177	.063	.155	2.807	.005

a. Dependent Variable: CustomerLoyalty

### Excluded Variables<sup>a</sup>

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	ProductQuality	.354 <sup>b</sup>	7.598	.000	.367	.699
	PriceFairness	.286 <sup>b</sup>	5.422	.000	.271	.583
2	PriceFairness	.155 <sup>c</sup>	2.807	.005	.144	.488

a. Dependent Variable: CustomerLoyalty

b. Predictors in the Model: (Constant), ServiceQuality

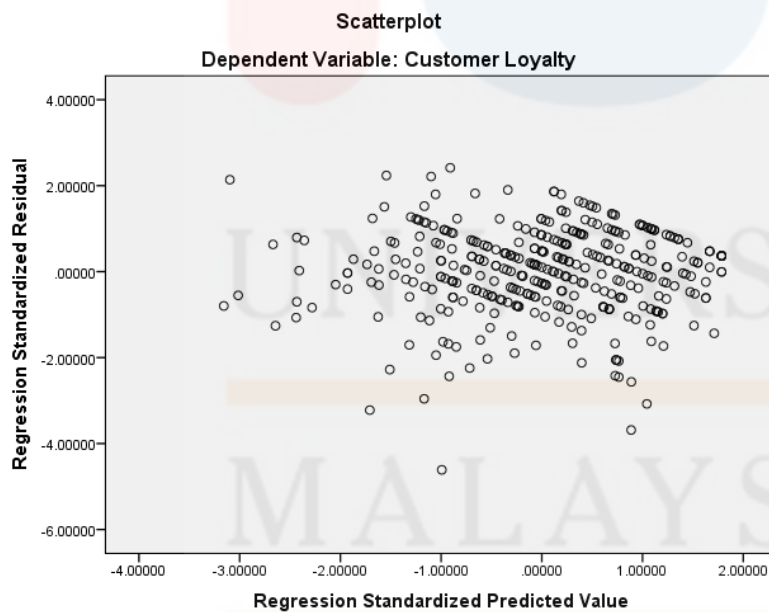
c. Predictors in the Model: (Constant), ServiceQuality, ProductQuality

### Residuals Statistics<sup>a</sup>

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.4270	4.8034	3.9451	.48079	375
Residual	-2.46759	1.29226	.00000	.53291	375
Std. Predicted Value	-3.157	1.785	.000	1.000	375
Std. Residual	-4.612	2.415	.000	.996	375

a. Dependent Variable: CustomerLoyalty

## Graph



## Frequencies

### Statistics

		Gender	Age	MaritalStatus	Ethnic	AcademicQualific ation	MonthlyIncome
N	Valid	375	375	375	375	375	375
	Missing	0	0	0	0	0	0

## Frequency Table

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	157	41.9	41.9	41.9
	Female	218	58.1	58.1	100.0
	Total	375	100.0	100.0	

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-32 years old	280	74.7	74.7	74.7
	33-47 years old	56	14.9	14.9	89.6
	48-62 years old	35	9.3	9.3	98.9
	63 years old and above	4	1.1	1.1	100.0
	Total	375	100.0	100.0	

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	273	72.8	72.8	72.8
	Married	102	27.2	27.2	100.0
	Total	375	100.0	100.0	

		Academic Qualification			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malaysia Certificate of Education(SPM)	66	17.6	17.6	17.6
	Diploma	75	20.0	20.0	37.6
	Degree	191	50.9	50.9	88.5
	Master	20	5.3	5.3	93.9
	Others	23	6.1	6.1	100.0
	Total	375	100.0	100.0	

**Ethnic**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	210	56.0	56.0	56.0
	Chinese	109	29.1	29.1	85.1
	Indian	43	11.5	11.5	96.5
	Others	13	3.5	3.5	100.0
	Total	375	100.0	100.0	

**Monthly Income**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than RM2000	277	73.9	73.9	73.9
	RM2001-RM4000	77	20.5	20.5	94.4
	RM4001-RM8000	16	4.3	4.3	98.7
	RM8001-RM12000	3	.8	.8	99.5
	RM12000 and above	2	.5	.5	100.0
	Total	375	100.0	100.0	

**Time Spend**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	13	3.5	3.5	3.5
	Every week	183	48.8	48.8	52.3
	Every month	118	31.5	31.5	83.7
	Every 3 month	38	10.1	10.1	93.9
	Every 6 month	23	6.1	6.1	100.0
	Total	375	100.0	100.0	

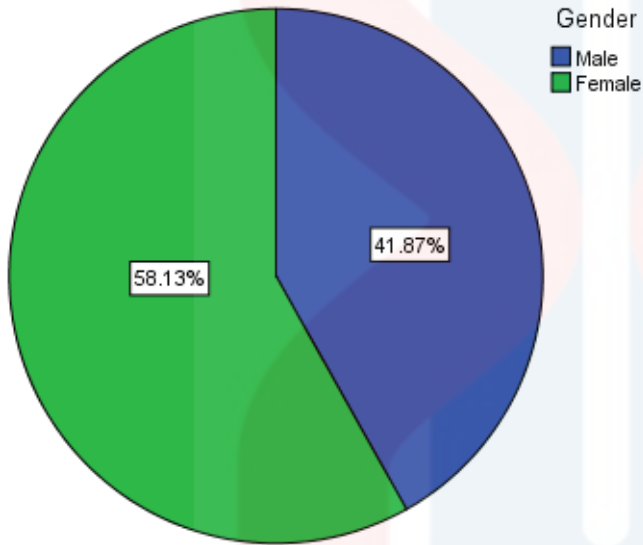
**Product Purchase**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Food and beverage	264	70.4	70.4	70.4
	Clothing	44	11.7	11.7	82.1
	Electronics	14	3.7	3.7	85.9
	Stationary	8	2.1	2.1	88.0
	Others	45	12.0	12.0	100.0
	Total	375	100.0	100.0	

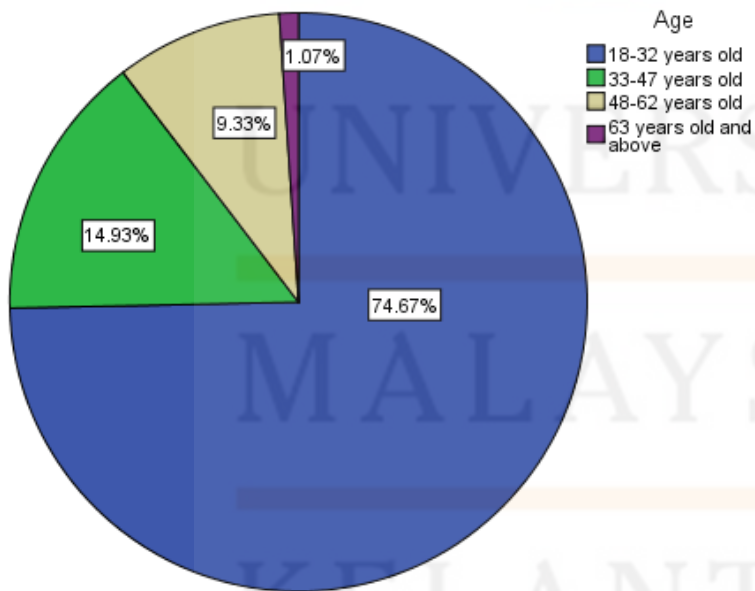
### Money Spend

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below RM100	274	73.1	73.1	73.1
	RM101-RM300	85	22.7	22.7	95.7
	Above RM300	16	4.3	4.3	100.0
	Total	375	100.0	100.0	

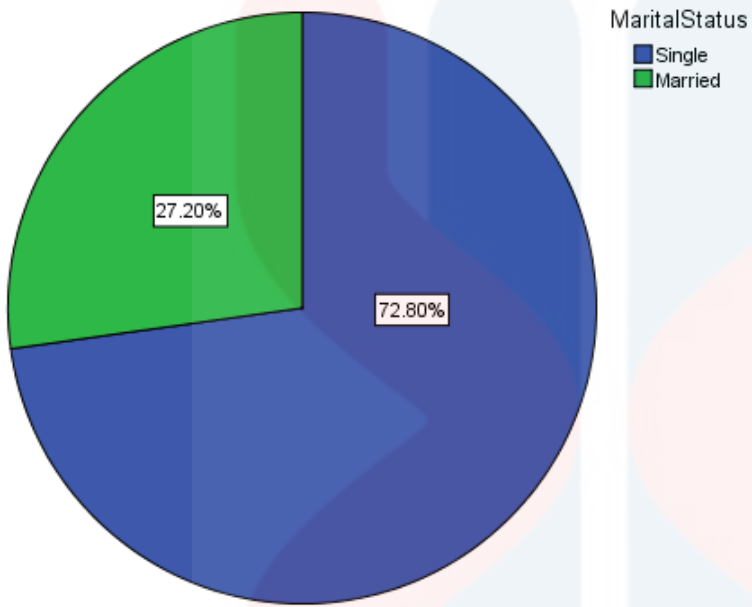
### Graph



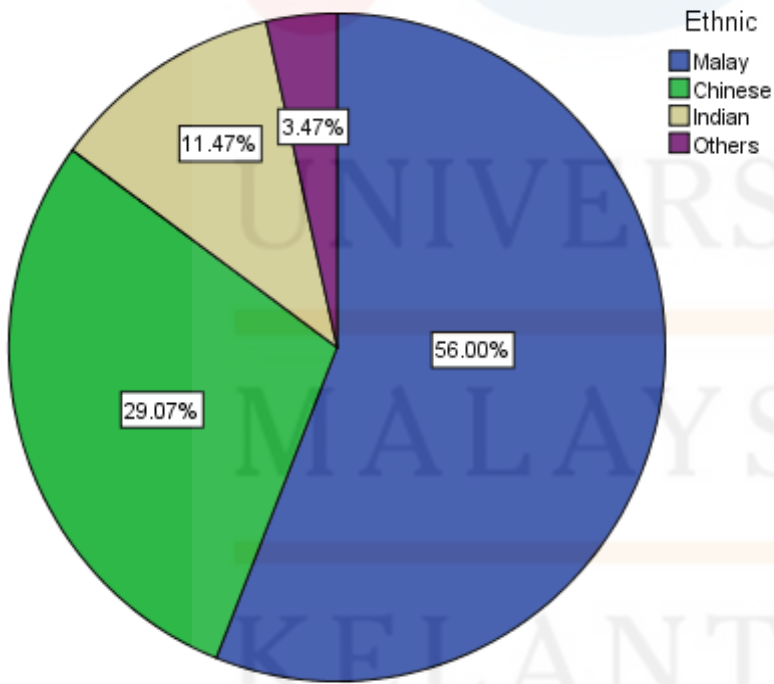
### Graph



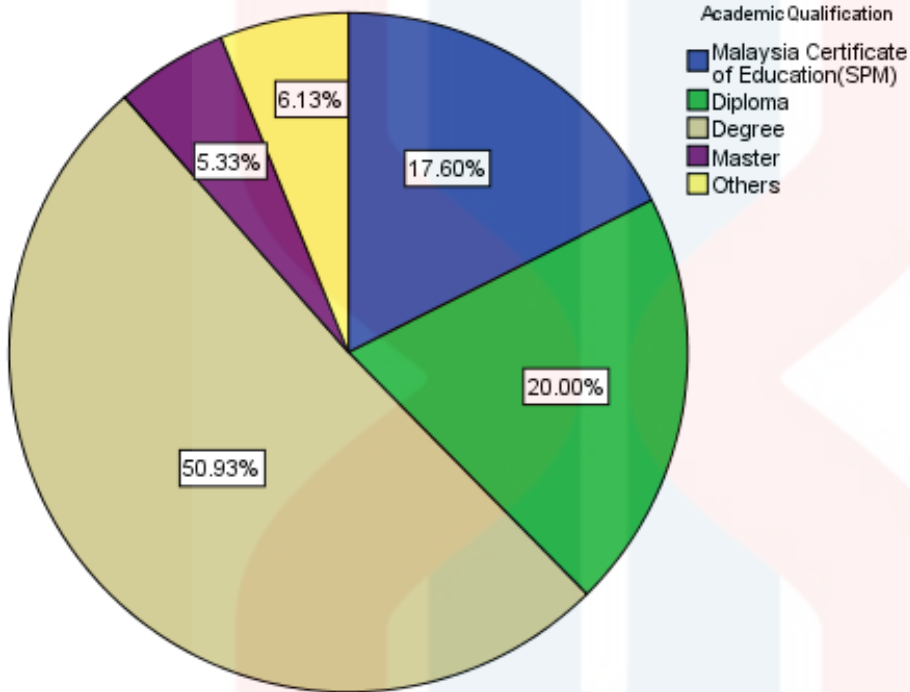
Graph



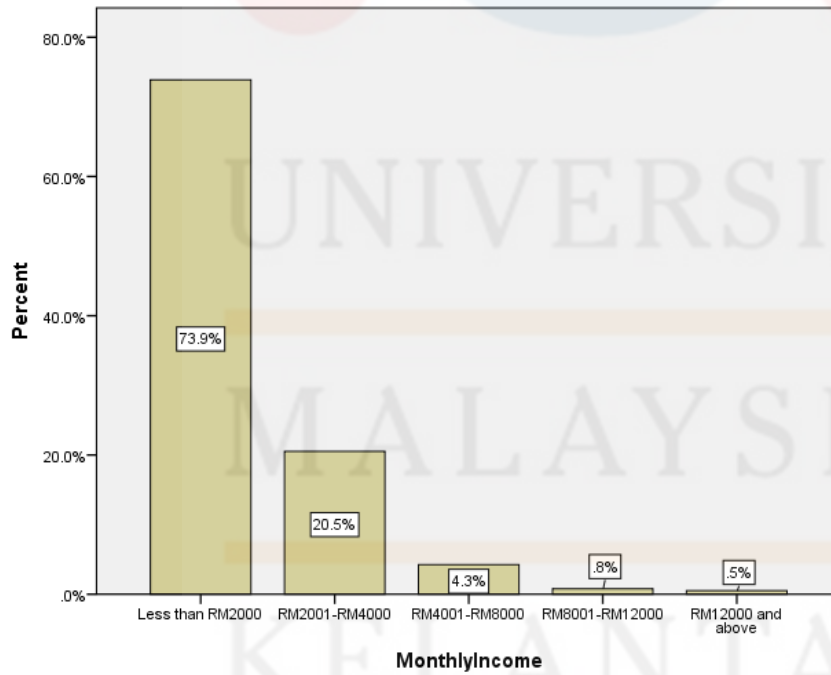
Graph



**Graph**

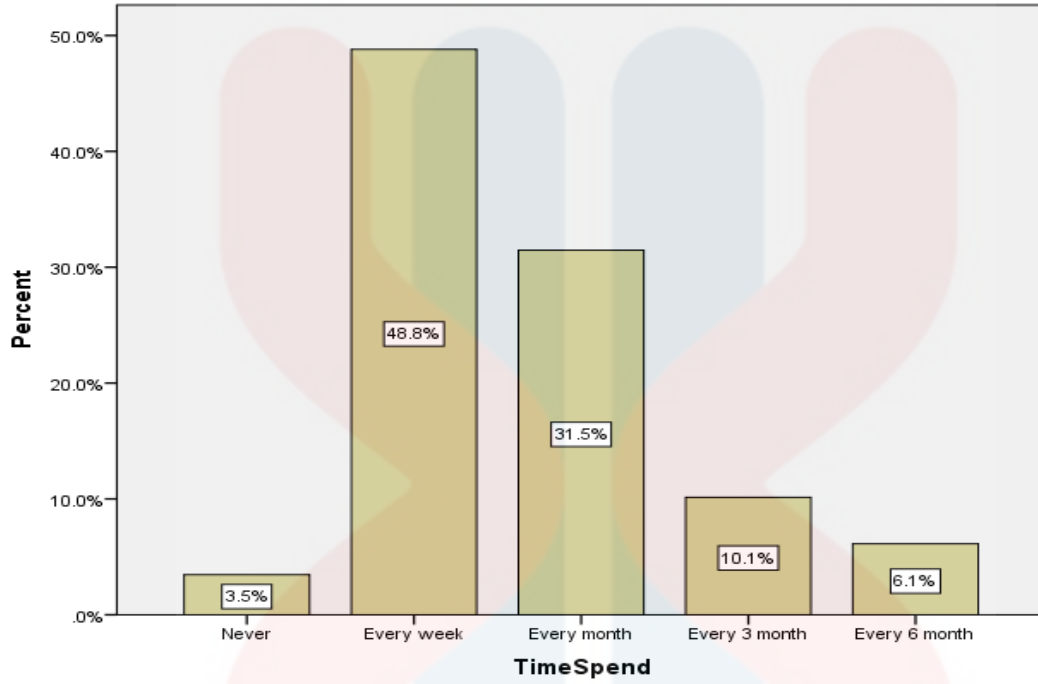


**Graph**

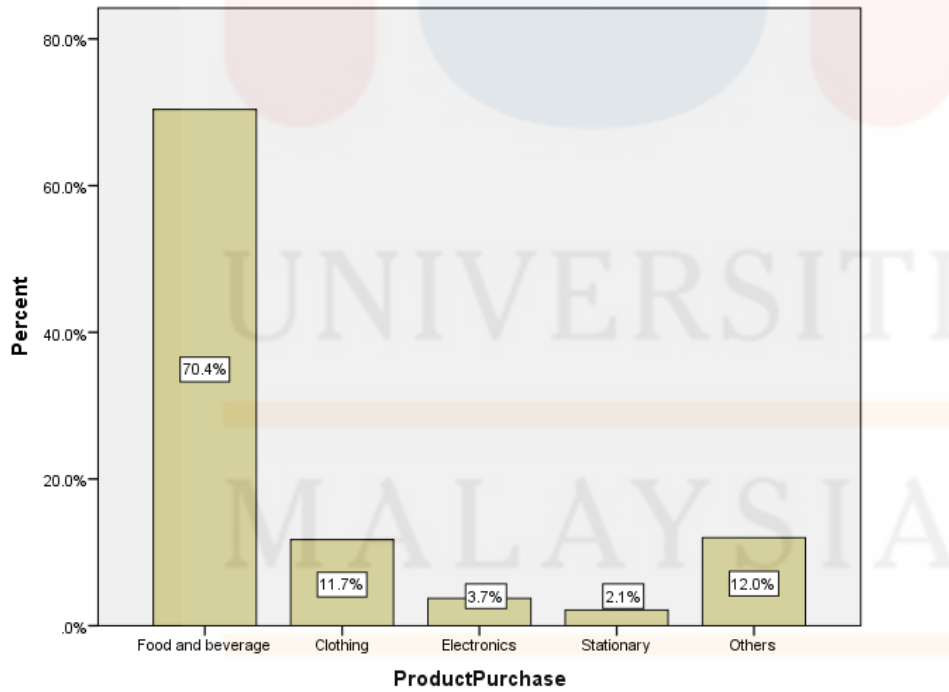




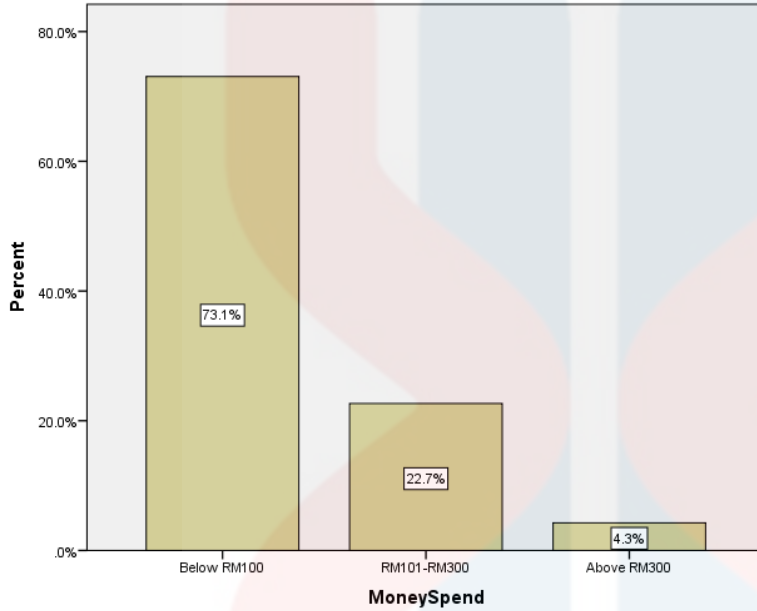
Graph



Graph



**Graph**

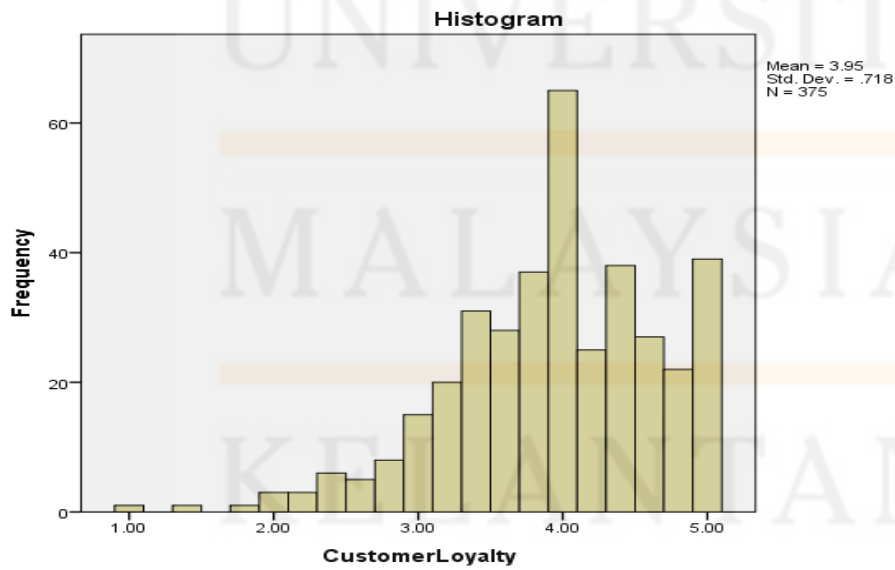


**Tests of Normality Customer Loyalty**

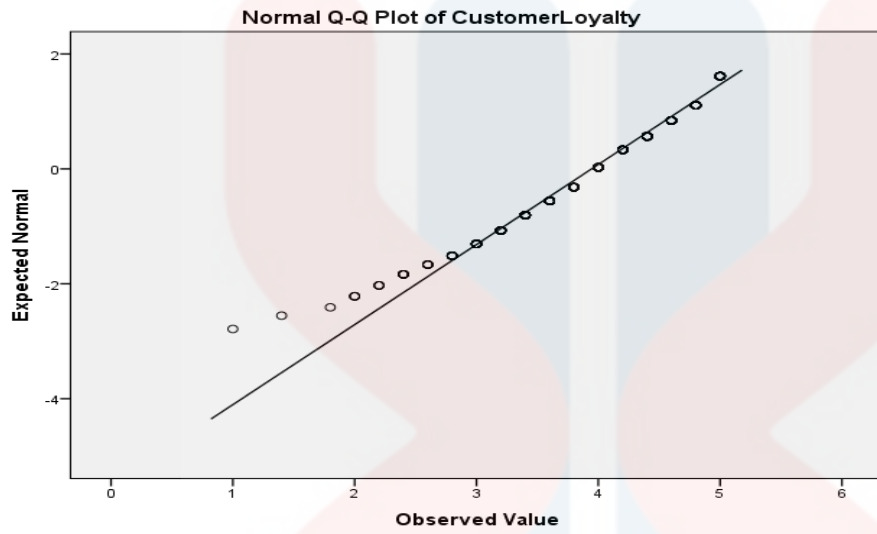
**Tests of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CustomerLoyalty	.107	375	.000	.955	375	.000

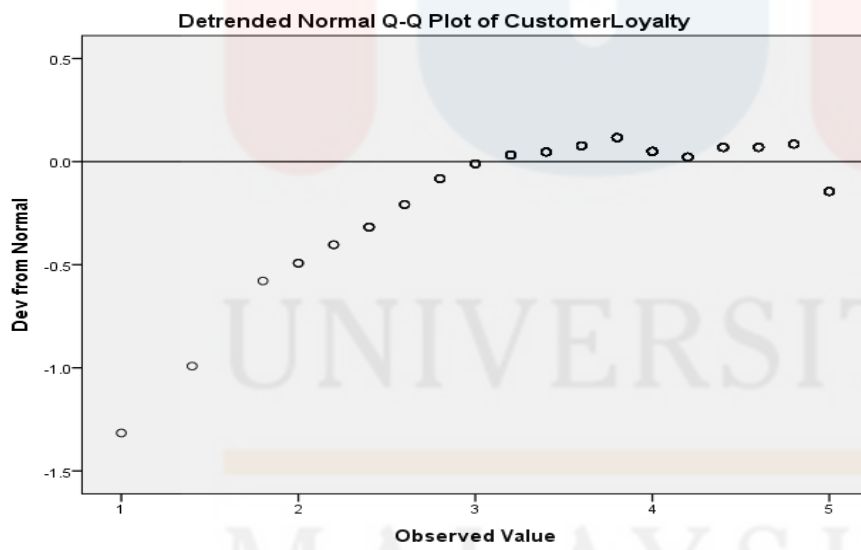
**Histograms**

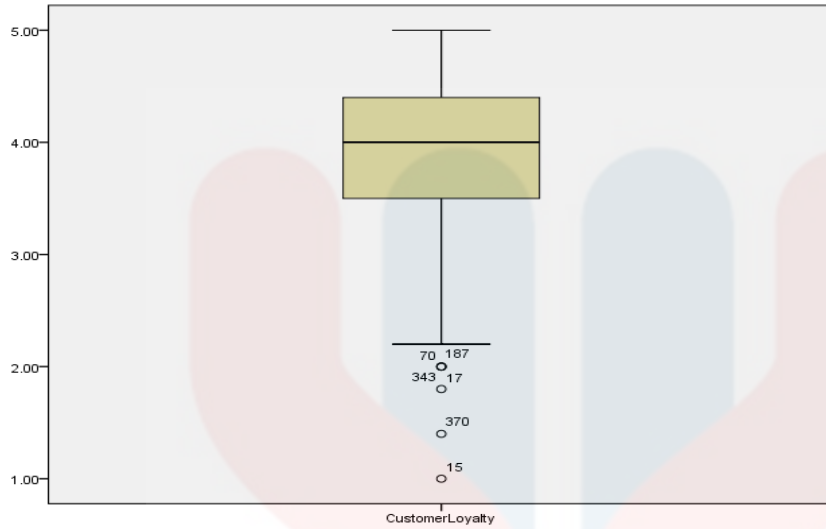


### Normal Q-Q Plots



### Detrended Normal Q-Q Plots





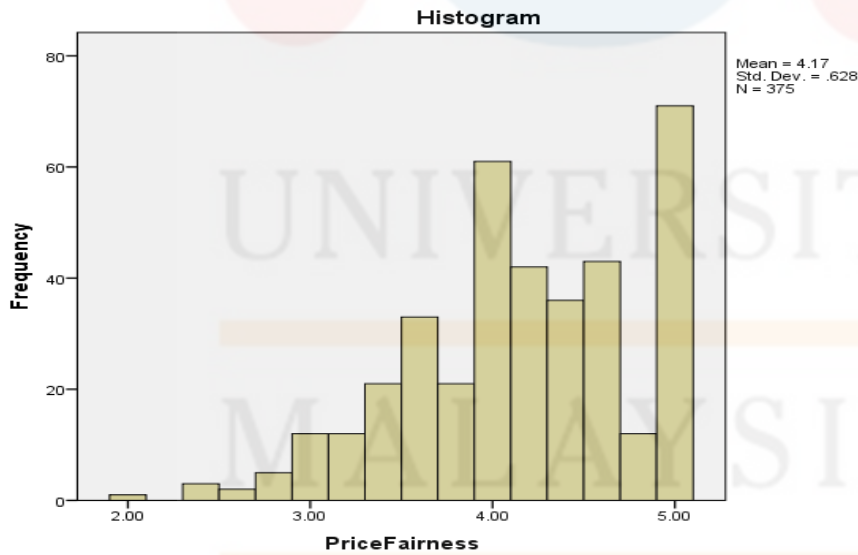
**Tests of Normality Price Fairness**

**Tests of Normality**

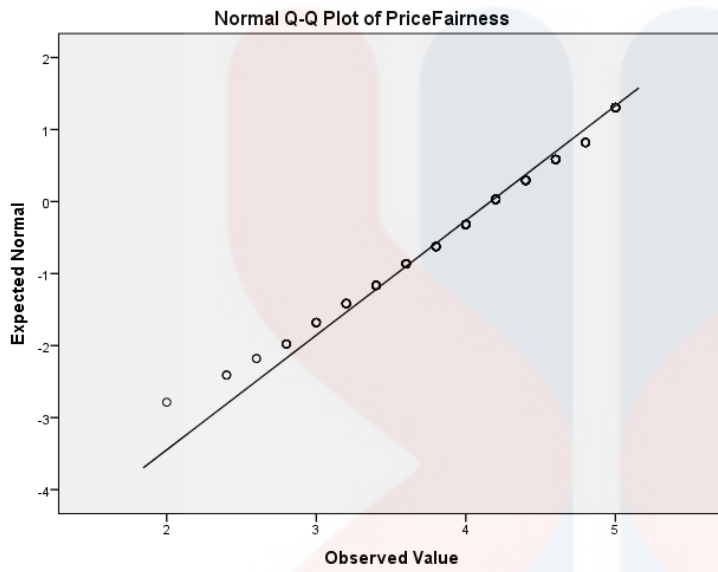
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PriceFairness	.103	375	.000	.944	375	.000

a. Lilliefors Significance Correction

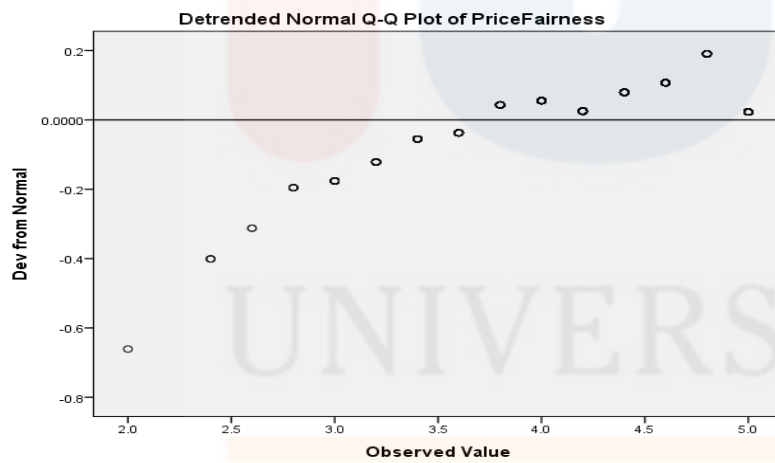
**Histograms**



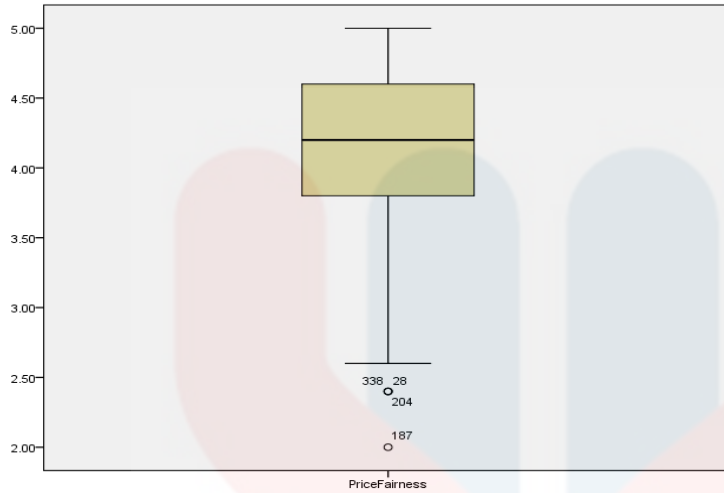
### Normal Q-Q Plots



### Detrended Normal Q-Q Plots



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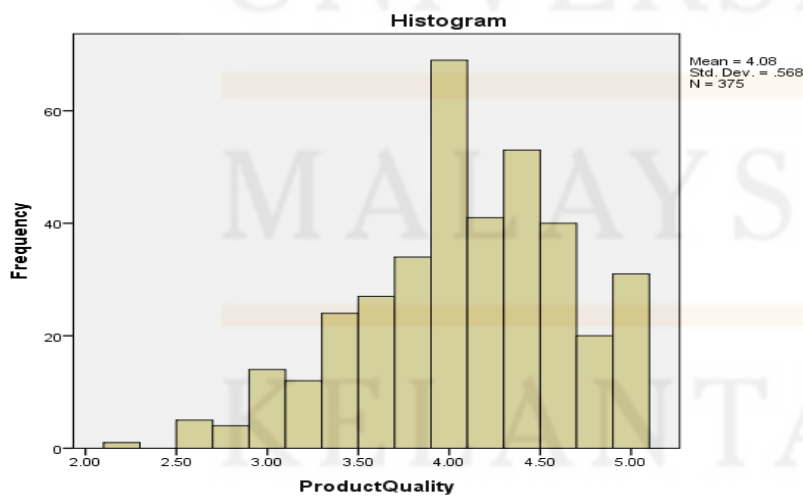
**Tests of Normality Product Quality**

**Tests of Normality**

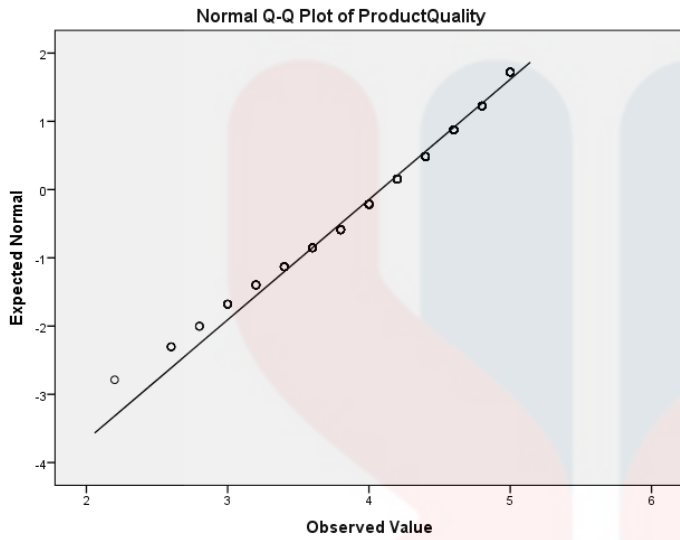
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ProductQuality	.119	375	.000	.966	375	.000

a. Lilliefors Significance Correction

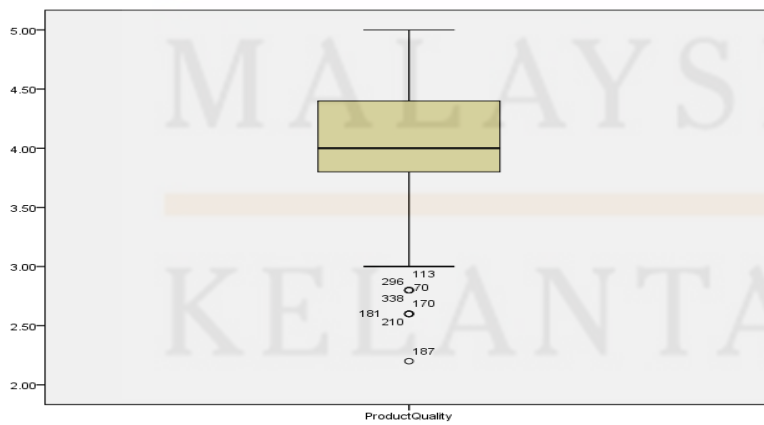
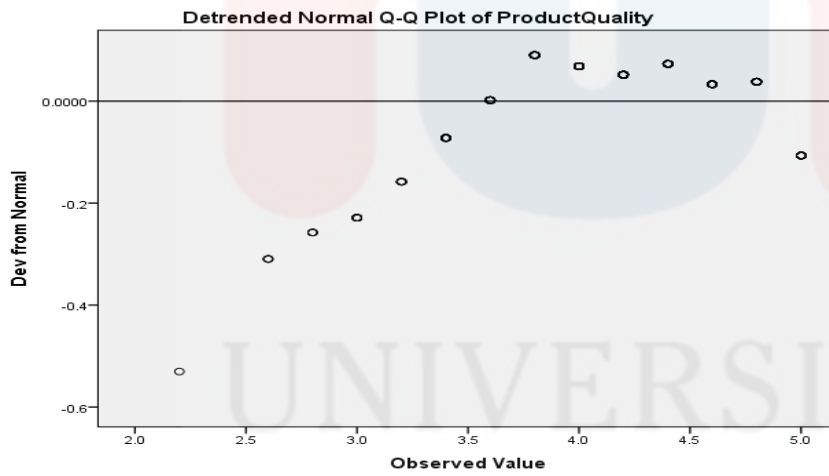
**Histograms**



### Normal Q-Q Plots



### Detrended Normal Q-Q Plots

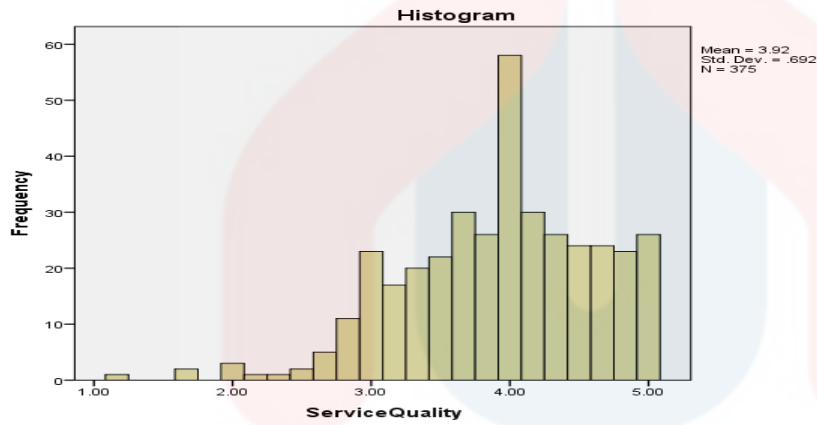


## Tests of Normality Service Quality

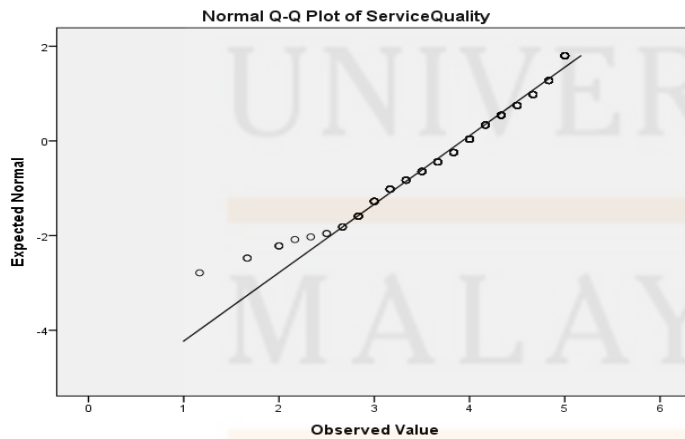
Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ServiceQuality	.106	375	.000	.963	375	.000

a. Lilliefors Significance Correction

## Histograms

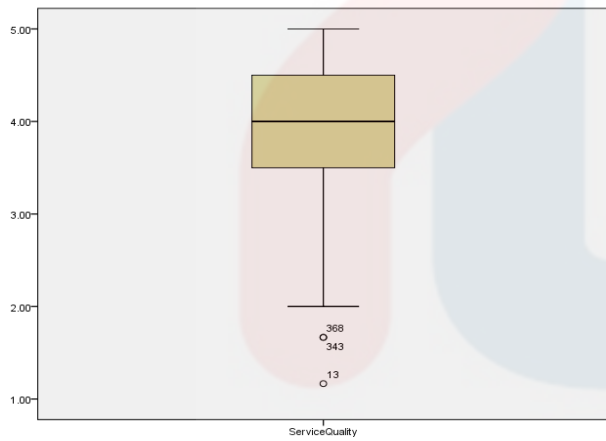


## Normal Q-Q Plots





### Detrended Normal Q-Q Plots



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### SPEARMAN'S CORRELATION COEFFICIENT

## Nonparametric Correlations

### Correlations

			ServiceQuality	PriceFairness
Spearman's rho	CustomerLoyalty	Correlation Coefficient	.603**	.551**
		Sig. (2-tailed)	.000	.000
		N	375	375
	ProductQuality	Correlation Coefficient	.544**	.600**
		Sig. (2-tailed)	.000	.000
		N	375	375
	ServiceQuality	Correlation Coefficient	1.000	.648**
		Sig. (2-tailed)	.	.000
		N	375	375
PriceFairness	Correlation Coefficient	.648**	1.000	
	Sig. (2-tailed)	.000	.	
	N	375	375	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## RANK

### Created Variables<sup>a</sup>

Source Variable	Function	New Variable	Label
CustomerLoyalty <sup>b</sup>	Rank	RCustome	Rank of CustomerLoyalty
ProductQuality <sup>b</sup>	Rank	RProduct	Rank of ProductQuality
ServiceQuality <sup>b</sup>	Rank	RService	Rank of ServiceQuality
PriceFairness <sup>b</sup>	Rank	RPriceFa	Rank of PriceFairness

a. Mean rank of tied values is used for ties.

b. Ranks are in ascending order.

## Correlations

### Correlations

		Rank of CustomerLoyalty	Rank of ProductQuality	Rank of ServiceQuality
Rank of CustomerLoyalty	Pearson Correlation	1	.548**	.603**
	Sig. (2-tailed)		.000	.000
	N	375	375	375
Rank of ProductQuality	Pearson Correlation	.548**	1	.544**
	Sig. (2-tailed)	.000		.000
	N	375	375	375
Rank of ServiceQuality	Pearson Correlation	.603**	.544**	1
	Sig. (2-tailed)	.000	.000	

	N	375	375	375
Rank of PriceFairness	Pearson Correlation	.551**	.600**	.648**
	Sig. (2-tailed)	.000	.000	.000
	N	375	375	375

**Correlations**

		Rank of PriceFairness
Rank of CustomerLoyalty	Pearson Correlation	.551**
	Sig. (2-tailed)	.000
	N	375
Rank of ProductQuality	Pearson Correlation	.600**
	Sig. (2-tailed)	.000
	N	375
Rank of ServiceQuality	Pearson Correlation	.648**
	Sig. (2-tailed)	.000
	N	375
Rank of PriceFairness	Pearson Correlation	1
	Sig. (2-tailed)	
	N	375

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**APEENDIX C**

**GANTT CHART**

Month/Activities	July	July	Sep	Sep	Nov	Nov	Dec	Dec
Identify Research Topic								
Preparing Research Proposal								
Questionnaire Designing								
Dummy Data Collection								
Reliability Test/Pilot test								
Actual Data Collection								
Data Analysis								
Findings and Discussion								
Presentation								
Submit Research								













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UNIVERSITI MALAYSIA KELANTAN

BORANG KELULUSAN PENYERAHAN  
LAPORAN AKHIR PROJEK PENYELIDIKAN TANPA JILID

Kepada,

Dekan,  
Fakulti Keusahawanan dan Perniagaan  
Universiti Malaysia Kelantan

Kelulusan Penyerahan Draf Akhir Laporan Akhir Projek Penyelidikan Tahun Akhir Tanpa Jilid

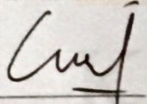
Saya, DR. NURUL IZAN MAT DAUD, penyelia kepada pelajar berikut, bersetuju membenarkan penyerahan tiga (3) naskah draf akhir Laporan Akhir Projek Penyelidikan Tahun Akhir tanpa jilid untuk pentaksiran.

Nama Pelajar:	<u>HIDANAH BINTI SHAMSUDIN</u>	No Matrik:	<u>A16A1282</u>
Nama Pelajar:	<u>INTAN ZULAIKHA BINTI ISKANDAR</u>	No Matrik:	<u>A16A1284</u>
Nama Pelajar:	<u>KAM YAN CHI</u>	No Matrik:	<u>A16A1286</u>
Nama Pelajar:	<u>KHAIRUNISA BINTI MOHAMAD BAW</u>	No Matrik:	<u>A16A1288</u>

Tajuk Penyelidikan:

FACTORS AFFECTING CUSTOMER LOYALTY TOWARDS TRADITIONAL  
RETAILERS IN PENGKALAN CHEPA, KELANTAN

Sekian, terima kasih

  
Tandatangan Penyelia

Tarikh: 30/12/2019





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No.Matrik/Matrix No: A16A1288

Tarikh/Date:

Pengesahan

Penyelia/Supervisor: DR. NURUL IZYAN BINTI MAT DAUD

Tandatangan/Signature:

Tarikh/Date: 30/12/2019