

Study of the Effects of Customer Service Quality and Product Quality on Customer Satisfaction and Customer Loyalty

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ABSTRACT

In this research we address the effects of customer service quality and product quality on customer satisfaction and customer loyalty, and the relationship between these four variables in the context of food-chain industry. Known for their delicious Chickenjoy, Yumburger, Champ Burger and Spaghetti, and warm, neighbourly services, Jollibee is one of the leading food-chains in the Philippines. Customer loyalty is the key part behind a business' success, as it also extends the market esteem. On the other hand, its product quality and customer service quality are important points in meeting the customer's satisfaction. The population of the study are Business Administration students from the Polytechnic University of the Philippines, under the departments of Marketing Management, Office Administration, Human Resource and Entrepreneurship. The hypotheses of the study will be analysed by using regression and ANOVA. Results of the study show that product and customer service quality only has a small effect on customer satisfaction; and customer satisfaction does not guarantee the loyalty of the customers.

INTRODUCTION

The present business organizations has known that consumer loyalty is the key part for the accomplishment of the business and simultaneously, it plays an essential job to extend the market esteem. Nonetheless, the product and its highlights, capabilities, reliability, sales activity and customer service are the most significant points required to meet or surpass the satisfaction of the customer. Satisfied customers for the most part bounce back and purchase more. Quality has been characterized as suitable for use, or the degree to which an item effectively satisfies the needs of customers (Beverly et al., 2002). Customer Service is one of the organization procedures which companies perform considering the developing competitors and for drawing in innovative opportunities for expanding productivity and better access to the market and expanding the consumer satisfaction and loyalty level (Calif, 1987). As indicated by Goofin and Price (1996) customer service has significance since it ends in expanding product quality, increasing competitive advantage, increasing beneficial chances, and subsequently expanding sales and income. Jollibee development is, because of its delicious menu line-up – like its predominant tasting Chickenjoy, mouth-watering Yumburger and Champ Burger, and delightfully fulfilling Jollibee Spaghetti – capably supplemented with innovative marketing projects, and productive assembling and logistics offices. It is made conceivable by well-prepared teams that work in the culture of honesty and modesty, fun and family-like. Each Jollibee franchise invites customers with a perfect and warm in-store condition and neighbourly and proficient services. What's more, is this attempted and tried formula of conveying extraordinary tasty meals, adherence to world class working models and the all-inclusive intrigue of the family esteem the brand speaks to that are driving the extension of Jollibee both in local and international market. Therefore, this research aims to answer one major problem and two sub problems which are (1) the effects of Customer Service and Product Quality of Jollibee on Customer Satisfaction and Customer Loyalty; (2) if there is a relationship between customer service and product quality with customer satisfaction and customer loyalty in the context of Fast Food-Chain industry; and (3) the relationship between these four variables.

Service quality was evaluated utilizing the SERVQUAL model proposed by Parasuraman et al. (1998). As SERVQUAL doesn't quantify the assumed traits of restaurants' quality, for example, product quality (Bujisic et al., 2014), the product or food quality characteristics were embraced, as referenced from Ryu et al. (2012). Consumer loyalty was estimated, drawing on three principle qualities recognized in the writing, fulfilment with the feasting background, state of mind and holding up time (Kanning and Bergmann, 2009; Qin and Prybutok, 2009). In addition, Customer loyalty was estimated, drawing on three fundamental traits distinguished in the writing, fulfilment with the eating experience, mood and standing by (Kanning and Bergmann, 2009; Qin and Prybutok, 2009). As to other proprietors who conducted and adopted the same study shows that service quality and product quality are the key components for customer satisfaction in Fast Food Industries. Moreover, a study conducted in DLSU Department of Engineering the researchers were able to analyse that (1) there are 3 principal service quality measurement that customer use in assessing Fast food Restaurants in the Philippines; Tangible, Reliability, and Assurance. (2) Carry (2014) discovered that customer service quality is the most noteworthy factor in deciding consumer loyalty in food chain industry. (3) In general, consumer loyalty can be anticipated utilizing service quality measurements.

The limitations of this study are Business Administration students from the Polytechnic University of the Philippines under different departments and year levels regardless if they patronize the brand presented in the study, Jollibee. Referring from the study where it was adapted, it stated that the product quality and customer service quality promotes customer satisfaction and customer loyalty. While this research presents that the product quality and customer service plays a great role in building the customers' satisfaction and loyalty.

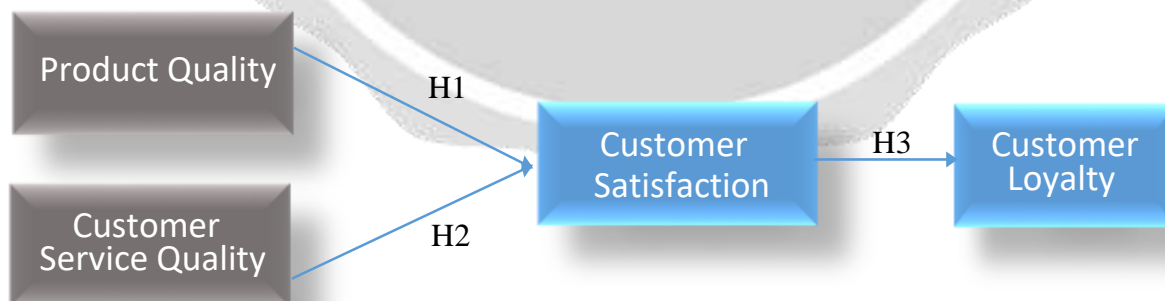
In order to address the limitations and the knowledge gap of this study and provide data, stratified random sampling technique is used wherein the respondents are selected based on their strata or subgroups in the most convenient way in order to have an equal probability. The questionnaire contains different questions about product quality, customer service quality, customer satisfaction and customer loyalty; close-ended questions and Likert Scales were used in order to provide information that would be useful in this study. Thus will suffice and support the arguments of the study.

1.2 Hypotheses of the Study

The Hypotheses of the study is based on research conceptual model and from this, the following hypotheses are proposed:

H1: Customer Service Quality influences Customer Satisfaction in the food-chain industry.

H2: Product Quality influences Customer Satisfaction in the food-chain industry.



H3: Customer Satisfaction influences Customer Loyalty in the food-chain industry.

1.3 The Research Conceptual Model

METHODS AND MATERIALS

2.1 Research Methodology

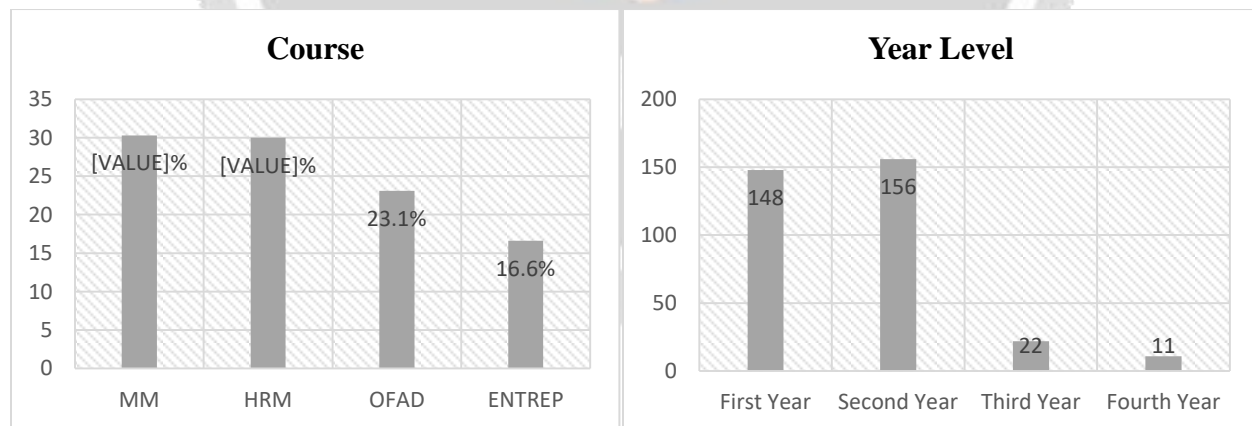
The objective of the present study is to discuss the connection between four variables of customer service quality, product quality, customer satisfaction, and customer loyalty. This study can be classified as descriptive research based on the method of getting the treated data and its correlation. Since these data are made for considering the dissemination of factual populace characteristics through sampling the population, this research study is a survey done based on regression analysis and ANOVA.

2.2 Data Collection and Analysis Tools

In this research, the design of the questionnaire with 29 questions was primarily based on multiple-item measurement scales taken from previous researches. 16 questions were designed to evaluate Service Quality and Product Quality; 10 questions are designed to evaluate Customer Loyalty and 3 questions for Customer Satisfaction. Customer Satisfaction and Customer Loyalty was measured by a close-ended question, answerable by 'yes' or 'no'. Service Quality performance was measured by a 5-point scale: Very High, Above Average, Average, Below Average and Very Low. Product Quality was also measured by a 5-point scale; Very Satisfied, Satisfied, Neutral, Dissatisfied, and Very Dissatisfied. 5 questions are related to the personal information of the respondents. For analysing data derived from the questionnaire, Regression Analysis and ANOVA has been used and the software which have been used for analysing the data is Microsoft Excel and SPSS.

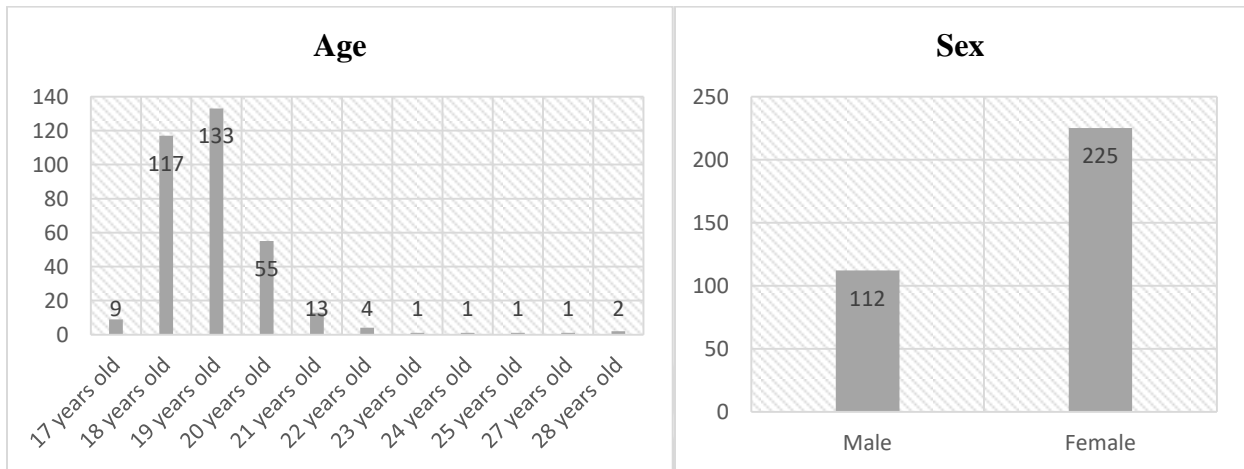
2.3 Statistical Population and Statistical Samples

The study's statistical population consists of 'College of Business Administration Students' of the Polytechnic University of the Philippines and the total population needed by the study are 337 coming from the different departments: Marketing Management, Office Administration, Human Resource and Entrepreneurship.



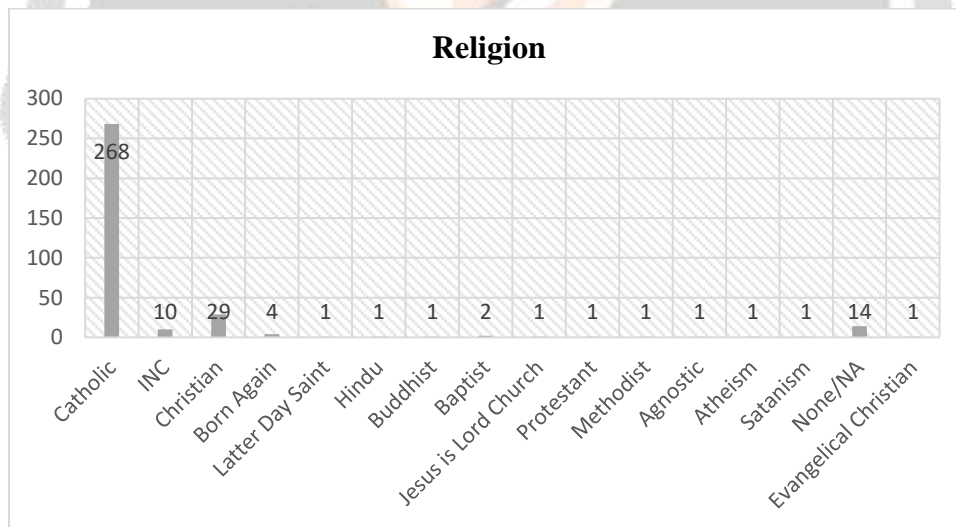
Graph 1 and Graph 2 shows the distribution of respondents according to their course and year level.

Afterwards, 363 questionnaires were distributed and only 337 of them were used. As we can see from the following figures from the respondents' courses, 30.3% (n=102) of them are from Marketing Management, 30% (n=101) from the Human Resource, 23.1% (n=78) from the Office Administration and 16.6% (n=56) from the Entrepreneurship department. In the case of year level, out of 337 respondents, 148 of them are from the first year level, 156 from the second year level, 22 from the third year level and 11 respondents from the fourth year level.



Graph 3 and Graph 4 shows the distribution of respondents according to their age and sex.

As per age distribution, 133 respondents are aged 19 years old, 117 are 18 years old, 55 are aged 20, 13 are 21 years old, 9 are 17 years old, 4 are 22 years old, 2 answered 28 years old and each one respondent for ages 23, 24, 25 and 27 years old. In the presentation of the respondents’ sex, out of 337 respondents, 225 of them are female and 112 are male.



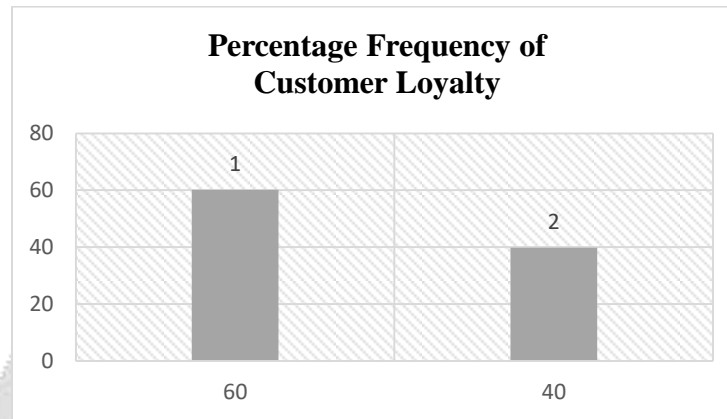
Graph 5 shows the distribution of respondents according to their religion.

As per religion, majority of the respondents answered Catholic with a number of 268, 10 for Iglesia ni Cristo, 29 for Christians, 4 Born Again, 2 Baptists, and one respondent each for Latter Day Saint, Hindu, Buddhist, Jesus is Lord Church, Protestant, Methodist, Agnostic, Atheism, Satanism and Evangelical Christian. While the remaining 14 respondents answered none or Not Applicable.

RESULTS AND DISCUSSION

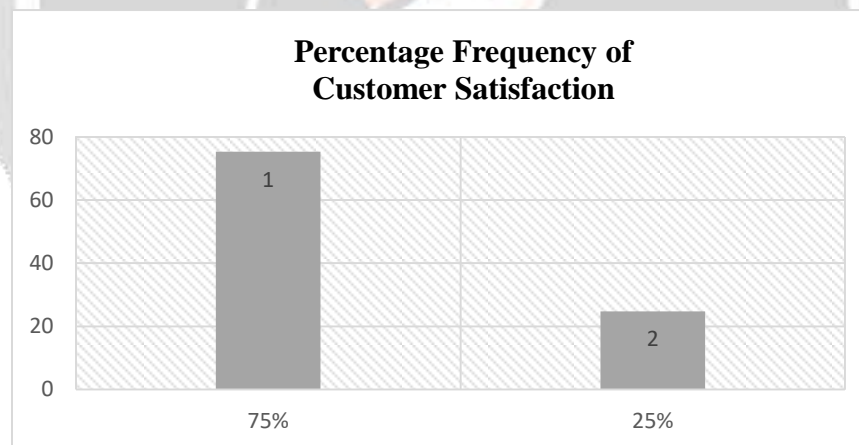
3.1 Results

After the data gathering, the graphs below represents the results of the research. The following data is in the form of Percentage Frequency to better represent the distribution of the response of our sample population.



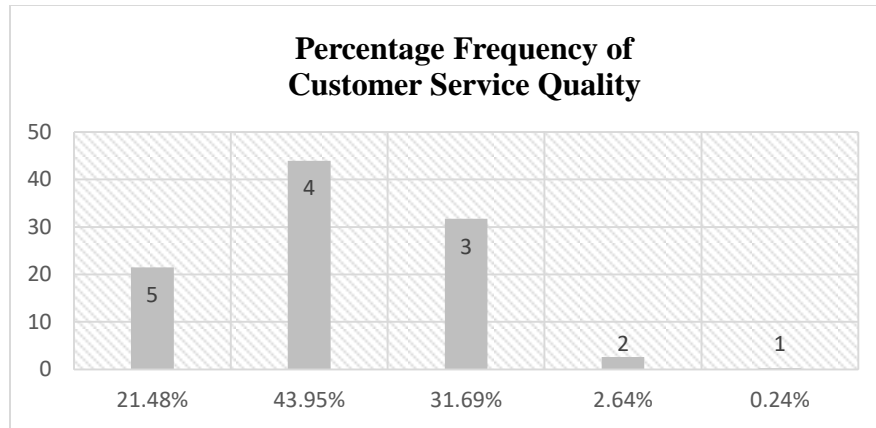
Graph 6 shows the percentage frequency of Customer Loyalty.

Graph 6 shows the total percentage of the responses on the Customer Loyalty. A total of 60% of the population agrees to continue patronizing the brand Jollibee regardless of the different aspects. While 40% of the population chose not to patronize the brand.



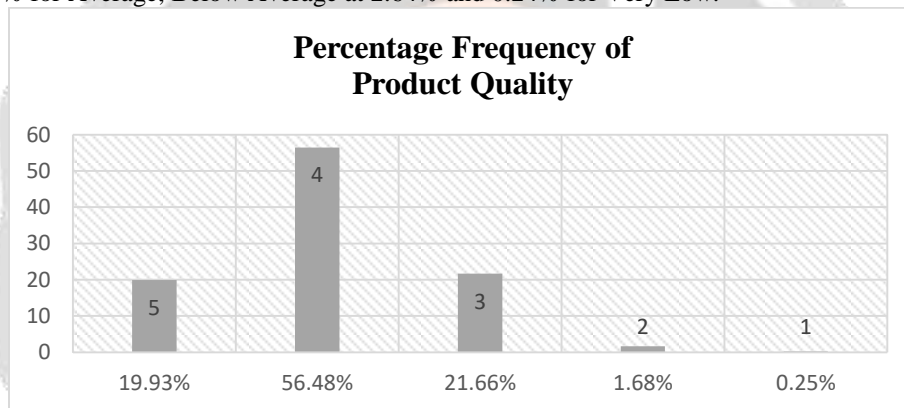
Graph 7 shows the percentage frequency of Customer Satisfaction.

Graph 7 presents the data about Customer Satisfaction. A total of 75% responded that they are satisfied with their brand experience, while 25% are dissatisfied of their experience.



Graph 8 shows the percentage frequency of Customer Service Quality.

Graph 8 shows the percentage of the scale on how the respondents rate the Customer Service Quality of the brand, Jollibee. From the total population of 337 respondents, 21.48% of them evaluated Very High, 43.95% for Above Average, 31.69% for Average, Below Average at 2.64% and 0.24% for Very Low.



Graph 9 shows the percentage frequency of Product Quality.

Graph 9 shows the representation of the respondents' satisfaction on the brand's Product Quality. Summing the response of the total number of the population, 19.93% are Very Satisfied, 56.48% are Satisfied, 21.66% are Neutral, 1.68% for Dissatisfied, and lastly, 0.25% for Very Dissatisfied.

3.2 Testing the Hypothesis of the Study using Regression Analysis and ANOVA

Hypothesis test was used at 95% confidence interval in all the Hypotheses of the study.

Table 1: Regression Analysis

Hypothesis	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1st	.253 ²	.064	.061	.3336007673
2nd	.470 ²	.221	.219	.3042938136
3rd	.650 ²	.422	.421	.2296

The above table shows the Regression analysis for hypotheses of the study. As seen in the table, it is visible that the R and R squared values of the hypotheses are playing in the mid average range. We can assume that, although there

are some effect between the variables, it is not that high. It should be noted that R-squared values range from 0-1. The R squared values of these hypotheses are 0.064, 0.221, 0.421.

H1: Customer Service Quality influences Customer Satisfaction in the food-chain industry. The indicated statistical significance in the first hypothesis is below 0.05. Therefore this hypothesis is approved. Also, the relationship in the first hypothesis states that, 6% of the variance of Y is predictable from X.

H2: Product Quality influences Customer Satisfaction in the food-chain industry. The indicated statistical significance in the second hypothesis is below 0.05. Therefore this hypothesis is approved. The relationship in the second hypothesis states that, 22% of the variance of Y is predictable from X.

H3: Customer Satisfaction influences Customer Loyalty in food-chain industry. The indicated statistical significance in the third hypothesis is below 0.05. Therefore this hypothesis is approved. The relationship in the third hypothesis states that, 42% of the variance of Y is predictable from X.

Table 2: ANOVA Test

	Sum of Squares	df	Mean Square	F	Sig.
1. Regression	2.556	1	2.556 .111	22.965	.000 ^b
Residual	37.282	335			
Total	39.838	336			
2. Regression	8.819	1	8.819 .093	95.238	.000 ^b
Residual	31.019	335			
Total	39.838	336			
3. Regression	12.914 17.665	1	12.914 .053	244.898	.000 ^b
Residual	30.579	335			
Total		336			

Table 2 shows the ANOVA result for the hypotheses of the study. ANOVA presents how well the regression equation fits the data. And based on the results of the data gathered, proves that the regression equation predicts the dependent variable.

Table 3: Coefficients

	Unstandardized Coefficient		Standard Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1. (Constant)	1.784	0.114		-5.116	.000	1.561	2.008
Customer Service Quality and Customer Satisfaction	-0.140	0.029	0.862	15.038	.000	-0.197	-0.082
2. (Constant)	2.342	0.113		20.652	.000	2.119	2.565
Product Quality and Customer Satisfaction	-0.278	0.028	-0.470	-9.759	.000	-0.334	-0.222
3. (Constant)	0.688	0.047		14.618	.000	0.595	0.781

Product Quality and Customer Satisfaction	0.569	0.036	0.650	15.649	.000	0.498	0.641
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In Table 3, according to statistical analysis, it indicates that Customer Service Quality and Product Quality had less influence on Customer Satisfaction as well as satisfaction's relationship with Customer Loyalty. However, there is still a relationship between Customer Service Quality and Product Quality with Customer Satisfaction and Loyalty in the context of the food-chain industry.

CONCLUSION

The connections between quality, consumer satisfaction and loyalty are one of the most mainstream research points among service researchers. Pilkington and Chai (2008) studied the significance of product quality and services on consumer loyalty and discovered that loyal customers for the most part lie in segments who have utilized higher quality products. Customer Loyalty is characterized by one author as "the assessment of the apparent error between prior desires and the expected execution of the product or service are perceived after its utilization" (Tse and Wilton, 1988, p.204) consequently thinking about fulfilment as a by and large post-buy assessment by the shopper" (Fornell, 1992, p.11). Researches by Chai and colleague (2009) show that nature of services to a customer is one of the most significant factors in distinguishing new customer needs and as we as a whole know, the way to consumer loyalty and devotion is furnishing the clients with their unfamiliar needs. A few studies additionally shows some purposes behind customer satisfaction which conforms to the determinants of customer loyalty expressed by Wilson et al. (2006). He stated that "a few determinants of customer loyalty are product and services quality, value, individual and situational factors." (Wilson et al., 2006, p. 79-80). Therefore, according to the findings, there is a relationship between the dependent and independent variables. However, it is not that high. But still, it affects the dependent variables. The Product and Customer Service Quality influence Customer Satisfaction but not at a great value or scale. It only has a small effect. Same case to Customer Loyalty. A customer's satisfaction in the product or customer service quality does not guarantee the loyalty of the customer.

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