The Relationship Between Service Quality, Brand loyalty and Customer Satisfaction

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Abstract: This study investigates impact of the customers perception of quality and its relationship with brand loyalty of the customers. The relationship was examined among the variables of the study in different contexts. But a need was identified to examine the same phenomenon in the context of Pakistan in the industry of footwear. Therefore, the current study is conducted in the footwear industry of Pakistan. The customers of Bata and Services were selected as the population, for this study. Data were selected from the participants of the study through questionnaires. Mediation of customer satisfaction has been examined through Hayes (2016) process macros. The relationship between perceived service quality and brand loyalty found significant, which demonstrated that there exists a direct relationship between perceived quality and the brand loyalty. The results approved the mediation role of customer satisfaction in the service sector of Pakistan. The results are important and valuable for the managers who serve in the footwear industry in the context of Pakistan.

1. Introduction

Customer wants complete solution which required the quality of both goods and services. This study aimed to examine the role of quality in customer loyalty. It was found in the study of Aaker (1991) that satisfaction is the key to create loyal customers. He further defines that quality is the meeting or exceeding customer expectation. Customer loyalty is a measure, to which the customers recurrence acquisition from the service provider possessing a positive attitude towards the contributor and consider using only this benefactor when he needs his service [1].It was also found that loyalty is the result of repurchase of any goods or service[1]. It can be anticipated that the perceived service excellence have very good and positive effect on the customer brand loyalty[2].Brand can affect the perception of the customers and create a good relation which can go for repeat purchasing behavior (Porter & Claycomb, 1997).

It is important to make sure that whether the customer perceives quality has direct relation with loyalty or indirect role through customer satisfaction, thus following constructs were included in this study, customer perception about quality as independent customer satisfaction as mediator and brand loyalty as a dependent in footwear market situation of Pakistan.

It was found that footwear industry is facing very hard competition in Pakistan which needs further research to explore the main factors that needed for competition in this industry. Those companies who have loyal customers will survive in the long run which has strategic importance for them. No previous evidence found that has checked the model of relation between customers' perception about quality, customer loyalty and especially customer satisfaction as a mediation footwear industry of Pakistan.

2. Literature Review
2.1. Brand loyalty

Customer loyalty is generally defined as, the measure to which a buyer exhibit repeat purchase actions from the service supplier, possesses an encouraging attitudinal temperament toward the supplier, and considers using solitary this supplier when there is need for service arises[3].

Brand loyalty is a fundamental and significant strategy for the survival and accomplishment of any business association, as it can influence and direct customer purchase behavior and performance of organization[2-4]. It is essential for every organization and business that they can do research on perceived service quality to check the construct across the industries[5].

2.2. Perceived service quality

The study of [6]explained that quality of service as an act or a performance that allows customers to get benefit. Provided that excellent service quality to the customers in attending business, surroundings is very significant due to tough market competition. The ability of provision of high service quality will reinforce the image, develop retention of customers, attracting new prospective customers via optimistic word of mouth and ultimately rise the earnings of the business[7]. The Service quality is considered as one of precious elements in determining the accomplishment and the competitiveness of a few particular organizations, Organization can discriminate from their competitors by contribution high service quality to their customers[8].

2.3. Customer satisfaction

[9]investigated that customer satisfaction was check and found that they mediate the associations of the loyalty of consumer and quality perceived to some extent. The research of [10]investigate services of the audit organization on satisfaction of customers wherever they initiate that satisfaction be able to+ used as mediators lying on perceived services. The research of [4] shows the consequence of satisfaction and quality service on loyalty. They establish that in attendance there is a considerable affirmative relation among them. Above literature positively support the argument that satisfaction can mediate customer's loyalty and service quality. After a comprehensive literature review, the following associations (Hypothesis) were modeled in theoretical framework.

H_1Perceived Customer satisfaction has positive relation with Brand loyalty.

H_2Customer satisfaction mediates the relationship between perceived service quality and brand loyalty
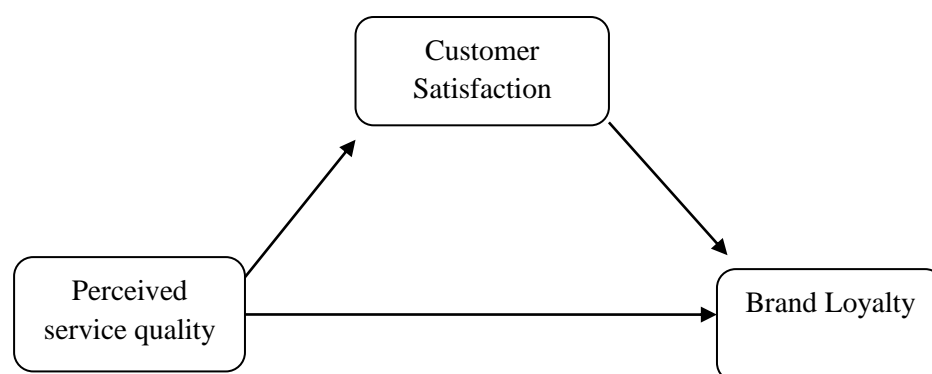

Figure 1. Theoretical Framework

3. Research Methodology

This research study is quantitative in nature. Empirical type of study was conducted. Data was collected through questionnaire from the two cities of Pakistan. the Unit of analysis was individual customers of service industry

of Pakistan. while doing the study was individual. The study was conducted to know the contribution of Independent (Perceived service quality) on dependent (Brand Loyalty) and mediation of customer satisfaction in service industry of Pakistan. For checking the relationship between these variables, sampling was collected from Outlets in two cities of Pakistan i.e. Peshawar and Islamabad. Questionnaire was distributed among the people in these two cities outlets to check the views about shoe industry in Pakistan. Correlation and regression of customer's perception about the quality and customer's brand loyalty have been measured. In the study collected data was processed according to research process. Hayes process was used to know the direct and indirect effect of variables on each other.

4. Findings and Results
4.1. The Validity Analysis

The factor investigation was conducted to check the sample accuracy and validity of items. Table 1 indicates the KMO and the Bartletts tests consequences, the KMO worth is exact (0.888) which is great than 0.05(Kaiser, 1974).The Bartlett's assessment shows highly significant value of 0.000. the importance and test of null hypothesis and the importance intensity of Bartlett's significance is less than (0.05). KMO and Bartlett's results show that the construct is accurate and significant for this study.

Table 1.KMO and Bartlett's Test

Kaiser Sampling Adequacy.		.888
Bartlett's Sphericity	Chi-Square	2836.200
	Df	300
	Sig.	.000

The principle component analysis values for the items of the instrument of this research are given in table 2, as mentioned against each item of the variables of the study. The component value should be greater than (.5) for items to be acceptable in the construct.

Table -2: Component analysis

Item	Description	Component	
		1	2
	PSQ	.638	
	PSQ	.614	
	PSQ	.758	
	PSQ	.710	
	PSQ	648	
	CS		.673
	CS		.651
	CS		.743
	CS		.632
	CS		.609
	BL		.766
	BL		.750
	BL		.727
	BL		.774
	BL		.646

The table 2 shows that none of the items in the questionnaire is inadequate as the value mentioned against each item is greater than (.5) therefore there is no redundant variable or item in the construct.

4.2. Tests of Scale Reliability (Cronbach Alpha Values)

It is extremely significant to work out the instrument reliability use for the records compilation in this research study. An antecedent wise reliability examination was conducted to locate out a Cronbach alpha value of the questionnaire items used for variables (i.e. Perception about the quality, customer satisfaction and the brand loyalty) have been carry out. The specifications of investigation of the instrument reliability are specified below.

The following table reveals the reliability statistics test of SPSS reliability conduct to discover out the instrument of reliability. The Cronbach Alpha values of the SPSS test output are mentioned against each variable of the research instrument.

Table 3. Scale reliability test

Variable	N of items	Cronbach Alpha
PSQ	5	.809
CS	5	.837
BL	5	.795

The reliability test statistics given in table 3 above shows that Cronbach's Alpha values intended for variables of the study are in the acceptable range being greater than (.7). Hence we conclude that the instrument used in this research study accomplish the criteria for reliability.

4.3. The Data Analysis

A quantitative kind of the data has been gathered through a questionnaire. The analyses of data have been conduct through package-21 SPSS (Statistical Package of the Social Sciences). To check and analyze the relationships among variables as well as to check the hypotheses a regression analysis has been carry out. The questionnaire enclosed five items associated to consumer perception regarding the quality five items connected to customer's satisfaction and five items of brand loyalty. Though the factor analysis carried out through SPSS incorporated every item of the antecedents and were process for the examination. The data alteration in the SPSS have been carry out to calculate the mention factors. The Hayes (2016) process method was used to check the mediation effect of mediator (customer satisfaction) in footwear industry of Pakistan.

4.4. The Interpretation and Data Analysis

The role of the customer satisfaction as a mediator has been tested using Model 4 developed by Hayes (2016). It is important to state the in Hayes (2016) analysis for mediation there is no need to follow the three conditions as required by barren and Kenny thus keeping in view the requirement of Hayes (2016) process macros analysis only two hypotheses were developed and checked using process method. The results showed in the below mention table and interpreted accordingly. Below table p-value is "0.00" in the relationships. This shows that the relationship between the predictor and outcome variable is significant and positive. Total effect of independent variable (Perception of quality) on dependent variable (Brand Loyalty) is "0.23" which means that per unit variation of predicator (Perceived service quality) and mediator (Customer satisfaction) as combined in the dependent variable (Brand loyalty) is 0.23. The coefficient of direct effect of Perceived service quality on Brand loyalty is "0.10" in absence of mediator variable (Customer satisfaction). The indirect relationship of predictor variable shows that Customer satisfaction effect on outcome variable is measured as "0.13". The confidence intervals at lower and upper level (LLCI & ULCI) both are positive and "0" doesn't lie between them, which proves that the mediator (Customer satisfaction) has significant and positive effect as a mediator between predicator and dependent variable. Sobel test (normal theory test for indirect effect) result at the end of the table shows that the indirect effect is significant, and the coefficient is confirmed as "0.13" and Z value is "11.56" which is more than the standard, shows the effect is significant. Thus, the proposed hypotheses have been proved as under:

a. The hypothesis "H1" which states "Perceived Customer satisfaction has a positive and significant relationship with Brand loyalty" has been proved.
b. The hypothesis "H4" which states "Customer satisfaction mediates the relationship between Perceived customer satisfaction and Brand loyalty" has also been proved in through mediation analysis.

Table 3. Mediation Analysis of CS between PSQ and BL

	B	P	Z	LLCI	ULCI
Total Effect of PSQ on BL	0.23	0.00		0.18	0.25
Direct Effect of PSQ on BL	0.10	0.00		0.23	0.45
Indirect Effect of PSQ on BL					
CS	0.13			0.34	0.76
Normal theory test for indirect effect	0.13	0.00	11.56		

Predictor Variable: Perceived service quality (PSQ)

Mediator: Customer satisfaction (CS)

Outcome Variable: Brand loyalty (BL)

5. Conclusion

Based on the research results and discussion, it concluded that customer's satisfaction is proved as mediator between independent variable and dependent variable in service industry of Pakistan. The investigation results specify that there is sufficient empirical evidence to admit that there are significant positive relations among quality perceived and the brand loyalty. The research study and discussions concluded that customer satisfaction considerably enhances and mediates the relationships of brand loyalty. Finally, the results for the impact of mediating variable show that impact of the satisfaction on the loyalty is very strong. It was evident that the customer satisfaction act as the mediating between the relationships of customers perceived quality and the customer loyalty. To improve the customer loyalty, the companies should ensure the best service quality for customers. Furthermore, it is important to meet customer expectation to maintain customer satisfaction.

5.1. Limitations of this Research

This study is restricted to only two companies' products (Bata and Service).The data collected for the products of other companies may provide different results. Further studies can also investigate a customers' perception towards footwear and their influencing factors that of choice of the service providers for particular footwear company using a larger sample that covers the whole province in Pakistan can gives better result rather than getting data from two cities (Islamabad and Peshawar) as collected in this research due to less time. This study was conducted on the small sample size of customers from outlets and the facts about the role of customer perception and loyalty can get affected for the company whose target market is not specified sample. Furthermore, by selecting less as a research sample, so as they are not the representative of the market as the whole, so the results can be affected.

5.2. Suggestion for Future Research

Future study can be prepared by focus on other aspect of loyalty such as image, advertisements, Price etc. Investigator also can take diverse goods that be commercialize on the TV channel and advertisers appoint famous celebrity to endorse their product. Dissimilar products are able to be soft drinks, mobiles phones; mineral water and connection etc, by means of rising sample prospect research can also be completed.
This research also predicts that the further efforts are being required to study these factors in the Pakistan by means of further sample earlier than generalization be able to be made.
Based on results of this study, research is able to replicate this study by means of the approach to examine the function of Customer satisfaction in configuration of loyalty in a particular industry in dissimilar countries. End result will specify the function of countries in the procedure.
Conduct a study that how the usage of customers loyalty program differ between large and small companies.
Conduct a study to a specific brand for example, Bata shoes, Nike, Service, imperial etc.
Compare brand loyalty to a specific brand in two different countries.

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