

Impact of Service Quality on Customer Loyalty of Domestic Pumps

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Abstract: Service quality deals with the customer expectation and actual treatment. Better the service quality, higher will be the customer satisfaction. This can gain more and more customers and more loyal customers. The major advantage of loyal customers is that these customers will not leave because of any small reason or any minor fluctuations in company's performance. This study is restricted to a single product domestic pump and will investigate the role of service quality in creating loyal customers.

Keywords: Service quality, Customer loyalty, Domestic pumps.

I. INTRODUCTION

The future of any organization is influenced by their understanding of economic, social and technological challenges. All businesses operate within an environmental change. One of the most important aspects of change is the change in the market place as customers become more demanding. Marketing is the process which involves identifying existing customer needs and requirements and with anticipating future changes. It is therefore a dynamic discipline. The challenge facing the marketer is, therefore, to find out as much as possible about this changing environment so that the business can respond in an appropriate way. It is nearly a truism that the needs and wants of the consumer are the critical issues today in creating new products and services, and developing the accompanying plans to merchandise them at a profit. The need to understand and anticipate future customers is bound to become even more essential than in the past, because the end users of almost every company's products are shifting in makeup, location, and number at an ever increasing rate.

In earlier times, marketing was not a complex process. The reason behind this was there where only very few outlets and they aim at availing the products with an aim of attaining profit. But the entrance of more and more people created a competitive nature in business. Earlier it was just availing the product to the customer, but soon after it shifted to providing the specific product. This makes the customers to choose their product. Hence, the competition changes to get a place in the customer's choice. This brings the customer into the central pillar of business. The concept of profit maximization has become secondary and customer satisfaction becomes primary. In fact, profit is the ultimate aim, but this can be achieved and sustained only through customer satisfaction. Customer satisfaction is defined as "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services exceeds specified satisfaction goals". It is a measure of how products and services supplied by a company meet or surpass customer expectation. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

The ultimate aim of profit maximization through customer satisfaction can only be achieved through customer loyalty. Customer loyalty is both an attitudinal and behavioural tendency to favour one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Customer loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel

positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment.

The quality of service provided has much to do with. Service quality is a comparison of expectations with performance. From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed. Service quality influences greatly on customer loyalty. In addition to these, other factors like perceived value, trust, habit and reputation also influences customer loyalty. This study focuses on the customer loyalty of domestic pumps, especially the service quality factor.

Research Objectives:

1. To examine the customer satisfaction.
2. To determine the crucial factors in customer loyalty.
3. To examine the impact of service quality in customer loyalty.

2. LITERATURE REVIEW

THEORETICAL FRAMEWORK:

Customer loyalty is both an attitudinal and behavioural tendency to favour one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Customer loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment. *Moreover, loyalty means hanging in there even when there may be a problem. This occurs because the organization has been good to them in the past and addresses issues when they arise. It means that they do not seek out competitors and, when approached by competitors, are not interested. It also means being willing to spend the time and effort to communicate with the organization so as to build on past successes and overcome any weaknesses.* The factors that favour customer loyalty are:

1. Perceived Value
2. Service Quality
3. Trust
4. Habit
5. Reputation

SERVICE QUALITY:

Service quality is a term which describes a comparison of expectations with performance. A business with high service quality will meet customer needs whilst remaining economically competitive. Improved service quality may increase economic competitiveness. This aim may be achieved by understanding and improving operational processes, identifying problems quickly and systematically, establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

Traditionally, most service providers have felt that they know all there is to know about the customers and their requirements. This smug or self-satisfied approach needs to be changed development of feedback systems is very essential part of the finally, issues relating to the setting of quality standards and implementation of quality management should be studied. Organizations generally want to improve the standard of service they offer in order to increase competitiveness.

Service quality is a business administration term used to describe achievement in service. It reflects both objective and subjective aspects of service. The accurate measurement of an objective aspect of customer service requires the use of carefully predefined criteria. The measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turns depends upon the customer's imagination of the service they might receive and the service provider's talent to present this imagined service. Pre-defined objective criteria may be unattainable in practice, in which case, the best possible achievable result becomes the ideal. Quality service is service, delivered by competent personnel, which meets or exceeds customer expectations.

CUSTOMER LOYALTY:

The majority of previous loyalty studies conceptualized loyalty as a form of repeated purchases of a particular product or service. Some of them focused on the sequence the products were purchased others measured loyalty through the proportion of purchases corresponding to a particular brand.

A common desire among marketers is to have a target market which exhibits strong customer loyalty. The benefits to the marketer include customers making repeat purchases, purchasing across product and service lines and giving positive referrals to other potential customers. To accomplish a base of customers with strong loyalty many organizations have engaged in efforts to gain customer satisfaction hoping this would lead to customer loyalty. However, the concept of customer loyalty requires an outside-in focus that is geared more to behaviour than just pure satisfaction levels. While customer satisfaction is still an appropriate goal, training and organizational planning should stress tactics that will ensure bottom-line customer loyalty.

3. RESEARCH METHODOLOGY**REASERCH DESIGN:**

Descriptive research design was used for the study. A descriptive research design seeks to determine the bond that exists between variables, that is, to identify how one variable affects the other: it also seeks to provide a clarification to the cause or effects o one or more variables.

TARGET POPULATION:

Target population is the units of whatever nature that a researcher indents to study. A population element is therefore the subject on which the measurement is being taken. The population refers to the group of people or study subject who are similar in one or more ways and which forms the subject of the study. A sample of 60 customers of domestic pumps were taken for this purpose.

SOURCES OF DATA:**Primary Data:**

The primary data is collected from various customers through questionnaires, observation technique and unstructured interview.

Secondary Data:

The secondary data are collected through Company Records, Registers, Website Information and Journals and Magazines

4. DATA FINDINGS AND DISCUSSIONS**Profile of Respondents:**

The respondents taken for the survey are the customers who use domestic pumps at their home. Questionnaire having different questions relating to the study conducted was prepared and provided to these customers. Out of 15 questions provided 5 of them deals with measuring service quality.

A total of 60 customers have been met and their responses are recorded in the questionnaire. Some of the responses are recorded through telephone calls and e-mail.

Gender:**Table 1: Frequency of gender**

Gender	Frequency	Percentage
Male	42	70.00
Female	18	30.00
Total	60	100

The Table.1 represents the percentage of gender participated in survey. 70% of population are male and rest are female. It clearly indicates a male dominated survey. The reason for this may be that men are more aware about electrical and electronic fittings of a house. Men are more likely to purchase these type of electrical equipment than women.

Age:

Table 2: Frequency and percentage of age groups responded in survey

Age (Years)	Frequency	Percentage
Below 30	15	25.00
30-45	20	33.33
45 and above	25	41.67
Total	60	100

Table 2. Shows the frequency distribution of age groups responded in the survey. It shows that majority of them are from age group above 45. This is because employed group holds the purchasing power in a house. Most of the families consist of Father, Mother, Children and Grandparents unless it is a join family which is rare these days. Among them father will be the responsible person of the house and makes most of the purchases. That may be the reason why majority of the respondents came under the age group of above 45. Closer to this comes the age group of 30-45, the reason for this can be same as that of above. The age group representing below 30 includes newly married couples. Since the majority of responses come from age 45 above and 30-45, it will be from their experience of more duration.

Structural Equation Modelling (SEM):

Structural equation modelling (SEM) is a family of statistical methods designed to test a conceptual or theoretical model. Some common SEM methods include confirmatory factor analysis, path analysis, and latent growth modelling. The term "structural equation model" most commonly refers to a combination of two things: a "measurement model" that defines latent variables using one or more observed variables, and a "structural regression model" that links latent variables together. The parts of a structural equation model are linked to one another using a system of simultaneous regression equations. SEM is a largely confirmatory, rather than exploratory, technique. That is, a researcher is more likely to use SEM to determine whether a certain model is valid, rather than using SEM to "find" a suitable model--although SEM analyses often involve a certain exploratory element. The conceptual model used in this study is shown below.

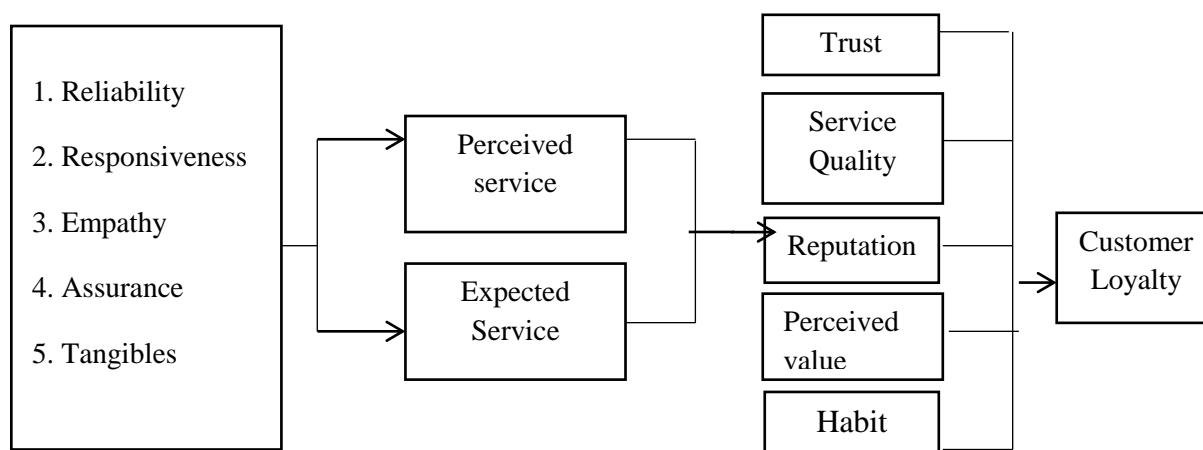


Fig. 1: Conceptual model of the study

The data required for conducting the SEM model are entered into the excel sheet. The analysis is done using the software WarpPLS 5.0. This software will help to conduct a structural equation modelling analysis using the method of "warped" partial least square analysis. The data are copied and the structure required is drawn and is then analysed. The result is shown in the form of a diagram given below.

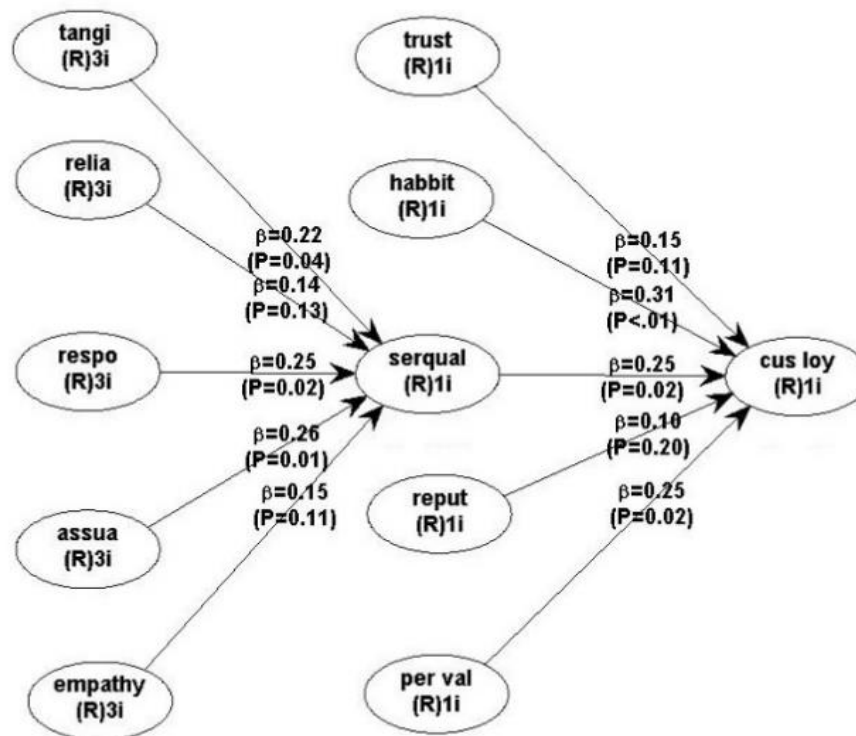


Fig. 2: Structural Equation Model

The above figure can be well understood if the correlation table of the all the factors that contributes to each other are known. In the above figure, β represents the impact made by the former variable on the latent. β is known as the regression coefficient.

For example, let's take the dimension assurance. Its β value is given as 0.26. This indicates the impact of assurance on service quality. We can say that an increase of one unit in empathy can make a difference of 26% on Service Quality. Similarly all other dimension represents its corresponding impact on the latent attribute.

The above structure is drawn using the software WarpPLS 5.0 and the result is tabulated in the form of a table and is also given. Each attributes or factors along with its correlation to every other factor are clearly given in table 3.

Table 3: Correlation Table

Dimension	Tangi	Relia	Respo	Assua	Empathy	Trust	Habbit	Reput	Per Val	Serqual	Cus Loy
tangibility											
reliability	0.915										
responsiveness	0.924	0.904									
assurance	0.935	0.94	0.919								
empathy	0.897	0.926	0.933	0.931							
trust	0.84	0.926	0.852	0.909	0.852						
habit	0.877	0.902	0.893	0.883	0.894	0.849					
reputation	0.706	0.752	0.818	0.7	0.774	0.714	0.842				
per value	0.775	0.783	0.878	0.829	0.837	0.828	0.714	0.702			
Ser. quality	0.965	0.97	0.966	0.974	0.964	0.913	0.919	0.779	0.85		
Customer Loyalty	0.908	0.945	0.955	0.938	0.939	0.939	0.947	0.864	0.88	0.971	

The table given above directly shows the relation between each variable. For example, let's take the example of service quality. The correlation value of service quality with that of reputation is 0.779. This indicates that there is a linear correlation exists between both of these variables.

Customer Loyalty being a factor depending on attributes mainly perceived value, habit, service quality, trust and reputation. In the above Fig. 1, the impact of five dimensions of service quality is also figured. In order to generalise the dimensions of customer loyalty, the Fig. 2 skips the service quality dimensions.

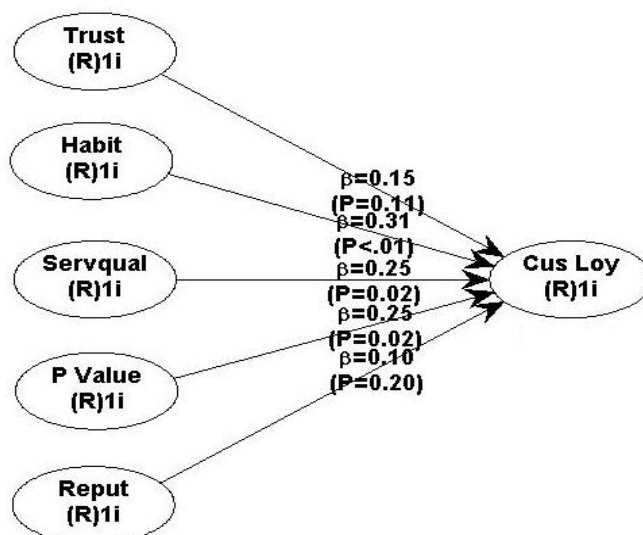


Fig. 3: Structural Equation Model

Table 4: Correlation Table

	Trust	Habit	Reputation	P Value	Service Quality	Customer Loyalty
Trust						
Habit	0.849					
Reputation	0.714	0.842				
P Value	0.828	0.714	0.702			
Service Quality	0.913	0.919	0.779	0.853		
Customer Loyalty	0.939	0.947	0.864	0.881	0.971	

The above table represents the correlation value of all dimensions that affect customer loyalty. As per the conceptual model, the five factors that affect customer loyalty are Perceived Values, Trust, Service Quality, Habit and Reputation. The correlation values show that all the variables have a linear correlation.

5. CONCLUSION AND SUGGESTIONS

Summary:

This study is conducted with an aim of studying about customer loyalty of domestic pumps. Loyal customers are always the biggest asset of any organization. Hence this study is of greater relevance from different company's view point. The conceptual model described earlier explains about the different attributes that affects customer loyalty. They are perceived values, trust, habit, service quality and reputation. Among these, service quality is a major factor and it is been studied deeply.

For conducting the study, a questionnaire is being prepared at first. The questionnaire includes all the questions for measuring the factors influencing customer loyalty. There are also questions and tools that can be used for finding service quality based on its dimensions. The dimensions of service quality are tangibility, responsiveness, reliability, assurance

and empathy. The survey is been conducted through the houses of different domestic pump customers. Some customers are interviewed through telephones also. The secondary data is collected from industrial profiles and other topic related data are collected through internet, journals, books etc.

The data collected are tabulated and are analysed through MS-Excel 2010 and WarpPLS 5.0. The tables and chart except correlation (prepared through WarpPLS 5.0) are prepared through MS-Excel. Through WarpPLS 5.0, the correlation and validity of the data and conceptual model respectively are measured through Structural Equation Modelling (SEM) method. Details regarding this model are explained in earlier chapter.

The major findings and suggestions obtained through this study are explained as follows.

Findings:

The study focuses on Impact of Service Quality on Customer Loyalty. The major findings include:

- Few customers mention about the winding complaints with their pumps. Some others mention about rusting of compressor and replacement of foot valve. But when consulted with some plumbing workers, most of them are of the opinion that these are common as it happens to two or three out of hundreds or more. They says that winding complaints occur with motors can be seen in motors of any companies and are not to be much bothered.
- It seems very interesting to notice that a majority of customers participated in the survey were using domestic pump for more than 10 years. There were customers who use for 16 and more years. Among them most of them purchase the product for second time and can be considered as loyal customers.
- The feedback system of the companies with regard to this special product seems to be very disappointing. Customers are with opinion that the companies shows very poor interest in collecting feedbacks.
- Some dealers are found to be unaware about the service of their pumps. They instruct the customers to call the toll free number and register for service. Whereas some dealers helps the customer by directly dealing with the distributor so that the process will be more comfortable for customers. Customers who are not much educated may feel difficulty in calling toll free number and registering the complaints. Dealer's interaction with customers also plays a crucial role in obtaining loyal customers.
- Some other companies are offering more commission to dealers. Since their product is not a bad one, this may motivate dealers to recommend to the customers.

Suggestions:

Based on the findings of the study, there are few suggestions that can help the organization in improving their customer loyalty are listed below.

- The first and most important suggestion to be made is that the companies should extremely focus on collecting feedbacks from its customers. Feedbacks are enriched with customer behaviour. Only by collecting feedback, the companies can identify customer expectation, their satisfaction and what all improvements should be made in order to satisfy its customers.
- Unawareness of dealers can happen to lose trusted customers. Hence, dealers should be made more aware about the service and its procedures. Customer's complaints should be treated properly and dealers should be informed to deal customers in a manner that does not affect company' reputation.
- Companies should think about increasing the commission of their dealers because some companies are offering more commission. Dealers aiming at a higher profit from their business will only go for a product that provides more commission for them.
- Companies should think about providing exciting offers that can attract people to buy domestic pumps.

Conclusion:

The aim of this project was to find the impact of service quality on customer loyalty of domestic pumps. As the study progresses and based on the survey results from the customers the service quality of domestic pumps are found to be

satisfactory. Every 5 dimensions that support service quality were found higher than its expected level. The survey results also support all other dimensions of customer loyalty in a positive trend. The conceptual model along with the survey data is tested using WarpPLS 5.0 software. All the attributes shows a positive correlation that supports Customer loyalty. As an overall review, most of the major companies in domestic pumps are moving in a very excellent way of gaining and maintaining loyal customers. If the companies considers the suggestions made through this study, they will surely get more improvement.

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