

## **Exploratory Study of Service Quality, Corporate Image, and Customer Loyalty in Restaurants in Ghana**

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### **Abstract**

The aim of the study is to identify the effect of Service Quality and Corporate Image on Customer's Loyalty. Questionnaires were distributed to collect responses from restaurant users in the Greater Accra region of Ghana. Descriptive statistics and correlation analysis were used to analyze the data and draw the conclusions. It was revealed that service quality and corporate image have strong positive association with customer's loyalty. The study suggested that managers of restaurants provide needed logistics to aid frontline staff to avoid delays in meeting customer demands. This will lead to high level of customer retention, loyalty, high market share and profitability.

**Keywords:** *Corporate Image; Customers; Loyalty; Service Quality; Retention*

### **Introduction**

The study focused on the contribution of service quality and corporate image on customer satisfaction and loyalty in the restaurant industry in Ghana. In today's competitive market, where restaurants provide almost similar services, managers are forced to differentiate their services through the use of corporate image and service quality (Ball et al. 2006). Presently, customer's expectation for quality service and after-sale service are high due to stiff competitions and managers interested at keeping customer who patronized their services (Nguyen & Leblanc, 2001)

According to Parasuraman et al. (1988) service quality is experienced through evaluation of customers' expectations against perceived performance of services. Besides, (Raj, 1985) advised managers to rely on corporate image and service quality to attract and maintain loyal customers.

Several researchers have spent time to examine the effect of service quality on customers' purchase intentions (Eggert & Ulaga, 2002). Previous studies revealed a positive relationship between service quality and perceived value which creates customer loyalty (Bauer et al., 2006). Turel and Serenko (2006) and Wang et al. (2004) premeditated mobile services in Canada and China respectively and found positive relationship between service quality, corporate image and customer loyalty. Similarly, Eggert and Ulaga, (2002) established a positive relationship between these variables. Probing airline services, Ostrowski et al. (1993) explained that customer's positive experiences lead to positive image. (Yi & Gong, 2008)

Though much has been researched in the developed country on the topic, very little has been done in the hospitality industry in developing countries such as Ghana. The study is therefore intended to fill the gap in literature by investigating the contribution of corporate image and service quality on customer loyalty in the restaurant industry in Ghana.

### **Literature Review.**

#### **Service quality and customer loyalty**

Service quality influences the ability of an organization to satisfy customers' needs, according to their expectation level (Yoo& Park, 2007). Service quality is connected with customers' attitudes towards service supplier and their objective to stay with a service provider (Bellet al. 2005).According to Lai et al., (2009) service quality is a key driver of loyalty. Besides, Gruen et al., (2006) established a positive relationship between word-of-mouth communication and customer loyalty. Study also found positive correlation between service quality and customer satisfaction (Cronin et al., 2000), which leads to customer loyalty (Lai et al., 2009). This led to the first hypothesis; **H1**: is there a relationship between service quality and customer loyalty

### **Service quality and customer satisfaction**

Although Bolton and Drew (1991) and Carman (1990) propose that satisfaction impacts on service quality, Anderson and Sullivan (1993), Cronin and Taylor (1992), and Woodside *et at.* (1989) provide empirical evidence in support of service quality as an antecedent to customer satisfaction, which exerts a stronger influence on purchase intentions than satisfaction.

This led to the second hypothesis **H2**: is there association between service quality and customer satisfaction

### **Corporate image and customer loyalty**

Ostrowski et al. (1993) examine the airline industry and argue that positive experience over time ultimately leads to positive image. Corporate image relate to customer retention likelihood (Ball et al. 200). This led to the third hypothesis **H3**: is there a relationship between corporate image and customer loyalty

### **Perceived value and customer satisfaction**

Lin and Wang (2006) found a positive relationship between perceived value and customer satisfaction. Cronin et al. (2000) also found direct relationship of perceived value with word-of-mouth communication and repurchase intentions (Cronin et al. 2000). Wang et al. (2004) and Lin and Wang (2006) also supported this result. This led to the fourth hypothesis **H4**: is there a relationship between perceived value and customer satisfaction

### **Service quality and perceived value**

The term perceived value can be defined as “the benefits or outcome that customers receive in relation to total costs (which include other associated cost plus the price of the paid with the purchase) or the consumers' overall evaluation of what is received relative to what is given”(Zeithaml, 1988).Bauer et al., (2006) pointed out a positive relationship among service quality and perceived value which causes loyalty among the customers. This led to the fifth hypothesis**H5**: is there a relationship between service qualities and perceive value.

### **Methods**

Qualitative and quantitative methods were used in the empirical segment of the study (Terre Blanche, Durrheim& Painter 2006). The researcher used purposive technique in selecting the various restaurant whiles convenience sampling was employed on users of identified restaurants. This is due to the difficulty in determining the specific list of customers who patronized restaurants in Ghana. The target population was restaurants users who were within the ages of 18 and 60 years in the Greater Accra region of Ghana, 351 of 500 respondents returned their questionnaires.

### **Data collection**

Data were collected through the use of structured questionnaire. The questionnaire was divided into six sections. Section A elicited general and biographical information about respondents. Section B elicited information on service quality. Section C sought information of corporate image. The questions in Section D elicited information on customer loyalty. The section E sought information on customer satisfaction. The questions in Section F elicited information on perceived values .Likert scales anchored by strongly disagree (1) and strongly agree (5) were used.

## Data analysis

The data was collected and entered into a computer using SPSS. The following statistics were used: Pearson correlation ( $r$ ) to determine the relationship between service quality and corporate image on customer loyalty. According to Sekaran the correlation between two variables is considered a perfect positive correlation when it is close to +1, or perfect negative correlation when it close to -1. "Pearson correlation only shows the strength and direction of relationship (Sekaran,2003).

## Result and Discussion

Following the guidelines indicated in the research methodology section, the researchers collected data in 2016.

### Demographic information

Table 1; Demographic information

Variables	Frequency	Percentage
Gender		
Female	148	42.2
Male	203	57.8
Total	351	100.0

Age		
18-28	69	19.7
29-39	116	33.0
40-59	166	47.3
Total	351	100
Restaurants		
SFC	67	19.1
KFC	64	18.2
Chicken Republic	66	18.8
Korean Restaurants	101	28.8
Frankie's Restaurants	53	15.1
Total	351	100
<b>No. of visits</b>		
Below 5 times	163	46.5
Between 6 to 10	156	44.4
More than 11	32	9.1
Total	351	100

### Survey results, 2016

A detailed demographic analysis of respondents is presented in Table 1. Questionnaires were distributed to clients who had visited restaurants at least once in the past year . 351 completed questionnaires were collected from the respondents out of 500 questionnaires distribute. Among the sample data: 57.8% respondents were males. This means men visit restaurants than women. Also, 47.3% were in the 40 – 59 age groups, which is the modal age. Besides, Korean restaurant is the highest patronized restaurants.

### Table 2.Supporting literature for measurement scales.

Constructs	scales
Service quality (SQ)	[41,55]
Corporate image (CI)	[37,46]
Perceived Value (PV)	[50,57]
Customer loyalty (CL)	[44,58]
Customer satisfaction(CS)	[41,59]

(Source: field work, 2016)

All of the measurement scales used, as indicated in **Table 2**, were based on previous research. Assuring the validity and reliability of the measures required supporting literature to validate the scales which were used in the research constructs. The construct was measured using the scales and indices included in the work of (Nguyen & Leblanc and 2001 Lin and Wang 2006) used the following variables to determine the construct of the study were measurement scales adapted from previous studies.

**Table 3. Values of Cronbach's alpha for the research dimension**

Constructs	Value
Service quality (SQ)	0,730
Corporate image (CI)	0,743
Perceived Value (PV)	0,723
Customer loyalty (CL)	0.752
Customer satisfaction(CS)	0.741

(Source: field work, 2016)

A reliability test was carried out using Cronbach's alpha, which measures the internal consistency of a construct. The recommended minimum acceptable limit of reliability measure, as reported by (Sekaran, 2003) is 0.60. As shown in Table 3, all the constructs passed the reliability test.

**Table 4. Descending means of the constructs**

Dimension	Mean	Standard deviation
Service quality (SQ)	4.20	0,700
Corporate image (CI)	4.132	0,717
Perceived Value (PV)	4.031	0,728
Customer loyalty (CL)	4.952	0.743
Customer satisfaction(C)	4.032	0.720

(Source: field work, 2015)

The result shown in Table 4 indicates frequency and descriptive statistics used to determine the relative importance of each of the dimension. The constructs shown in Table 4 have a mean above 4. Therefore it concludes that all of constructs are of significant importance to the study.

**Table 5. Skewness and Kurtosis for research constructs. Variable**

Construct	Skewness	Kurtosis
Service quality (SQ)	<b>-0.34</b>	<b>-0.62</b>
Corporate image (CI)	<b>-0.37</b>	<b>-0.53</b>
Perceived Value (PV)	<b>-0.25</b>	<b>-0.65</b>
Customer loyalty (CL)	<b>-0.54</b>	<b>-0.75</b>
Customer satisfaction(C)	<b>-0.21</b>	<b>-0.68</b>

(Source: field work, 2016)

From Table 5, Kurtosis and Skewness values were used to check the normality of each variable used in the research. Skewness values larger than (+1) or smaller than (-1), as suggested by Hair et al (2003) indicate a substantially skewed distribution. Besides Hair et al (2005) added that a curve is too peaked when the

Kurtosis exceeds (+3) and is too flat when it is below (-3). This means Skewness values within the range of (-1) to (+1) and Kurtosis values within the range of (-3) to (+3) indicate an acceptable range. As shown in Table 5, the values of Skewness and Kurtosis for each variable indicate that the research constructs fell within the acceptable range.

### Correlations Analysis

Table 7; Correlations analysis

	<b>SQ</b>	<b>CI</b>	<b>PV</b>	<b>CL</b>	<b>CS</b>
<b>SQ</b>	<b>1</b>	013(.703)	0.18(**).000	0.02(.674)	0.12(**).002
<b>CI</b>	0.13(.703)	<b>1</b>	0.99(*).026	0.01(.707)	145(**).001
<b>PV</b>	0.18(**).000	0.99(*).026	<b>1</b>	0.120(.612)	0.01(.118)
<b>CL</b>	0.02(.674)	0.01(.707)	0.120(.612)	<b>1</b>	0.42(.621)
<b>CS</b>	0.12(**).002	145(**).001	0.01(.118)	0.42(.621)	<b>1</b>

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

(Source: field work, 2016)

#### Relationship between service quality and customer loyalty

The Pearson correlation in Table 7 shows that there is a positive and significant relationship between responsiveness and customer satisfaction  $r = 0.002, p < .01$ ). Therefore, the research hypothesis 1 is accepted and proven to be true. This means an increase in service quality level would increase customer loyalty.

#### Relationship between service quality and customer satisfaction

The Pearson correlation in Table 7 shows that there is a positive and significant relationship between empathy and customer satisfaction  $r = 0.002, p < .01$ ). Therefore, the research hypothesis 2 is accepted and proven to be true. This means an increase service quality would lead to increase in customer satisfaction.

#### Relationship between corporate image and customer loyalty

The Pearson correlation in Table 7 shows that there is a positive and significant relationship between reliability and customer satisfaction  $r = 0.001, p < .01$ ). Therefore, the research hypothesis 3 is accepted and proven to be true. That means any increase in corporate image level will be followed by increase in customer loyalty.

#### Relationship between perceived value and customer satisfaction

The Pearson correlation in Table 3 shows that there is a positive and significant relationship between assurance and customer satisfaction  $r = 0.001, p < .01$ ). Therefore, the research hypothesis 4 is accepted and proven to be true. This means an increase in the level of perceived value will be followed with increase in customer satisfaction.

#### Relationship between service quality and perceived value

The Pearson correlation in Table 3 shows that there is a positive and significant relationship between tangibility and customer satisfaction  $r = 0.01, p < .01$ ). Therefore, the research hypothesis 5 is accepted and proven to be true. This means an increase in service quality would lead to an increase in perceive

### Discussions

The study examines the relationship between service quality, corporate image and customer loyalty among restaurants customers in Ghana. Investigation conducted revealed that all the five hypotheses formulated after a reviewed literature are accepted. The findings are consistent with Eskildsen et al. (2004), they stated that, service quality, creates effective communication with customers and potential customers. The most important factor in developing and maintaining loyalty is corporate image (Bauer et al., 2006)

Johnson et al., (2001) argued that corporate image is considered as attitude which is directly associated with customer satisfaction and loyalty because of its functional components, the findings revealed a strong correlation between service quality and loyalty. The finding is also consistent with (Cook 2004) and Martey

and Frempong(2014), argued that service quality is indeed a significant predictor of customer satisfaction. A study conducted by Bauer et al., (2006) also confirmed a positive relationship among service quality and perceived value which leads to loyalty among the customers.

## Conclusions

The results showed that service quality and corporate image influences customer loyalty in restaurant industry of Ghana. Restaurants owners must set standards and train employees to provide steady service delivery. There should be constant communication to customers and other stakeholders through social media such as face book, whatsApp, Hi5, Imo, to mention but a few.

Managers must provide quality service: communication, reliability, courtesy credibility etc, and develop a positive image of the company through consistent service quality delivery.

## Limitation of the study

The decision about the size of the sample was taken considering time and cost, the need of precision and a variety of further considerations. Due to the limit of time and costs, the population was narrowed to only one out of the ten regions in Ghana

This study was also limited to few construct, other existing construct were excluded in the study.

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