Scientific
Research

The Method to Improve the Customer Satisfaction and Brand Loyalty in Service Industry

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Abstract: The development level of service industry is the important index measuring social economy developing stage. Rapid development of service is the internal requirement of solving human problem and improving social harmony. The growth from consumption on the product and service promote higher requirement to service industry. Through the analysis on development of service industry, brand analysis and the influence of loyalty, this article summarizes the importance of customer satisfaction and brand loyalty to enterprise development. Theoretically, the customer satisfaction and brand loyalty and their measuring are discussed; also include the procedure and the major content, and specific to quantitative analysis. Through the argument and empirical research of this article, the relationship of customer satisfaction and brand loyalty will be demonstrated to give recommendation to enterprise on term of customer satisfaction and developing brand loyalty.

Keywords: service industry; customer satisfaction; brand loyalty

1 Introduction

The development level is the important index measuring modern social development. Customer-centric is the key issue for success of service industry, focusing on customer acquisition and retention, maximizing CLV. These require service organization to design the strategy of focusing on customer satisfaction and brand loyalty. The research on fully applying customer satisfaction evaluation theory will contribute to understanding customer expectation and forming brand loyalty and improving continuous reform on customer service quality.

2 Literature Review

Traditionally, the company profits are determined by market share, as the result, the competitive strategy always focus on expansion of market share, with the fast changing of market, the market share is not the major factors, the brand awareness and loyalty take the place.

2.1 Customer Satisfaction and Brand Loyalty

Kotler (2008) regards the customer satisfaction as the difference between customer perceived utility and individual expectation, satisfaction is the function of perceived utility and expectation. Therefore, customer satisfaction depends on the fulfilling degree of expecting product benefits; it reflects the consistence level of expectation and reality. The company should devote enhancing customer expectation and satisfying the features needed by customer. So the customer satisfaction is the entire attitude to purchased products (Steven Kaplan, Mohanbir Sawhney, 1999).

Based on the functional approach of attitude, hypothesizing that customer attitude would be "accompanied by a cognitive structure made up of beliefs about the potentialities of that product for attaining or blocking the realization of valued states". The hypothesis may be expressed as follows:

$Ao=\sum UiVi$

Where:

$Ui=$ perceived utility, the extent to which the person believes that the product will lead to or block the attainment of value i

$Vi=$ value importance, value i's importance to the respondent as a "source of satisfaction"

$N=$ number of values.

Kotler (2009) also think customer satisfaction is the post-purchase evaluation comparing with the expectation of pre-purchase. The second is the emotional point, which means customer satisfaction is the result of good subjective feeling. The customer will express feeling on

products by emotional language, in other word, the customer is the emotional response from consuming experience.

2.2 Customer Satisfaction Index Model

In 1987, ACSI (America Customer Satisfaction Index) is founded in USA. In Europe, the model includes the image, but no complaints; the perceived performance is divided into two parts: perceived hardware performance and perceived software performance (Li Junling, 2000).

Foreign research and application on customer satisfaction and loyalty play extremely important role in economy, the government and specialist of China pay much attention. China evaluating center developed the advance CCSI (China Customer Satisfaction Index) in accordance with domestic situation. The index of this model covers perceived performance, expecting performance, brand image, perceived value, customer satisfaction and loyalty (Chen Xian, 2007).

Learning from this model, the article will establish customer satisfaction index evaluation model of service industry, and give positive analysis and testing to prompt the research on the evaluation of customer satisfaction in service industry.
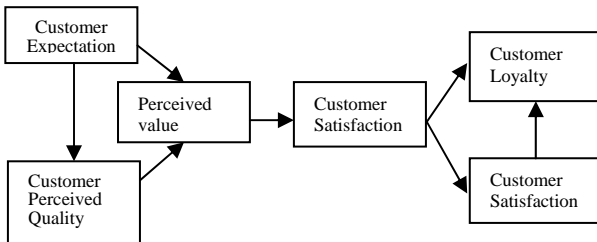

Figure 1. Domestic Customer Satisfaction Index

3 Measuring Procedure and Research Method of Customer Satisfaction and Brand Loyalty

Evaluating customer satisfaction and brand loyalty should have a scientific procedure necessarily. From the question identification to final quantitative research tracking, in which procedure is very important, every aspect will determine the results of customer satisfaction evaluation.

3.1 Significance of Evaluation to Service Industry

Through the correlation analysis, this article summarizes the importance of customer satisfaction and loyalty to enterprise development. Theoretically, it discusses the concept of satisfaction, loyalty, defines the major contents on its evaluation procedure and link with the case study. The questionnaire to customer of hotel is designed to find the factors affecting the relationship between customer satisfaction and brand loyalty. All these will aim to provide the reliable information for future development.

Through the analysis on the factors in questionnaire affecting customer satisfaction and loyalty, the questionnaire is designed. Many questions and statements are involved in the research methods; the receiver will select the listed answer. Through the questionnaire, the valuable information can be obtained on customer satisfaction and loyal level. Furthermore, the way of questionnaire can make customer evaluate the service quality, customer service and satisfaction degree from their own benefits, as the result, the accurate information is obtained and the factors affecting loyalty to service industry will be summarized.

3.2 Forecasting Relationship of Customer Satisfaction and Brand Loyalty

According to literature review, there is a controversial discussion between customer satisfaction and brand loyalty. Gustafsson & Johnson (2002) argue that customer satisfaction is positively related with brand and the customer satisfaction will drive loyalty, then forming the willingness to purchase and recommend to others. Because the satisfaction comes from the perception on product's function, features or result, and the pleasure or disappointed degree after comparison (Kotler 2000).

On the other hand, Fornell (1992) points out the increasing of customer satisfaction will lead to increasing of loyalty. This article gives the hypothesis: there is the positive correlation existed between customer satisfaction and brand loyalty, and the customer can effectively forecast brand loyalty.

3.3 Survey and Research Methods on Evaluation of Customer Satisfaction and Brand Loyalty

Executing evaluation measuring on customer satisfaction and brand loyalty is important to the research process; this article has several methods on the research:

(1) Determining customer satisfaction evaluation factors

The marketing offerings from company lie in systematic state, while customer is consuming products and services, they are incline to divide it into major factors that affect satisfaction, such as performance, price, function, package, service, image and concept.

(2) Determining relative importance of customer evaluating factors

Marketing offering consists of multiple factors, each of which has different consuming meaning and significance. As the result, the affecting factors on customer satisfaction are different. When evaluating satisfaction, the relative importance must be determined and quantified. The customer satisfaction is divided into: "Worse", "Poor", "Fair", "Good" and "Excellence".

(3) Determining customer satisfaction evaluation scale

Customer satisfaction is the psychological state, it is self experience and subjective. This subjective judgment consists of cognition and emotion, satisfaction is the result of cognition, and the emotion is the reflection on the result. Form the angel of psychology, the customer satisfaction can be divided into: "Worse", "Poor", "Fair", "Good" and "Excellence".

(4) Designing Questionnaire

Questionnaire is the major part of evaluation. The company must utilize the questionnaire to fully understand customer satisfaction. Designing questionnaire, the company must combine the factors affecting customer satisfaction with satisfaction scales which are determined. The customer satisfaction survey method is convenient to perform and is also easily to be implemented by company.

(5) Applying SPSS 13.0 for windows to analyze data, and verifying the relationship between customer satisfaction and brand loyalty.

4 Empirical Research

4.1 Sample Selection

The customer of hotel is selected in this article. To service industry, especially for hotel, the customer satisfaction and brand loyalty play extremely important role for success of the hotel. Though the hotel can compete in the market, the profitability can not compare with before. That is because of the weakness on ability of maintaining customer loyalty.

4.1.1 Data Collection by Questionnaire

In order to ensure the quality of questionnaire, it requests the customer finish immediately. 50 questionnaires are distributed and taken back, in which 40 ones are effective, taking up 80%. From the facts, it is accordance with sampling accuracy of statistics. (The basic information is in Table 1)

Table 1. Statistics of sample information

Individual Background		Sample No.	Percentage (%)
Gender	Male	35	0.7
	Female	15	0.3
Education Level	Under middle school	5	0.1
	High school	30	0.6
	Bachelor	13	0.26
	Above Bachelor	2	0.04
Salary	Below RMB1000	0	0
	RMB1000-2000	5	0.1
	RMB2000-3000	25	0.5
	RMB3000-4000	10	0.2
	Above RMB4000	10	0.2
Location	Local	40	0.8
	Foreign	10	0.2

4.2 Customer Satisfaction Analysis

After completing questionnaire interviewing, various factors affecting customer satisfaction of hotel are summarized; the data is listed and reflect the satisfaction of

each factor. This measuring list consists of a group statement, every of which has five answers including "Worse", "Poor", "Fair", "Good" and "Excellence", and are scored as 1, 2, 3, 4 and 5. 50 questionnaires are distributed.

4.2.1 Reliability Analysis

Reliability is to measure the consistency. The consistency reliability mainly reflects the relationship among measuring aspects and review that if the different aspects are measured by same contents or special features. This research adopts reliability of content consistency, through calculating Cronbach's α coefficient to evaluate the reliability of variables group; generally, when the reliability coefficient above 0.70 indicating the better measuring, it also state that the questionnaire is with high internal consistency.

Table 2. Applying SPSS13.0 analyzing reliability analysis of collecting data: Confidence analysis

variables	Measuring Question	Cronbach's α coefficient
Customer Satisfaction	A1 Welcome Service	0.829
	A2 Food Service	0.740
	A3 Food Quality	0.827
	A4 Price	0.719
	A5 Response	0.794

Reflecting from Table 2, the confidence coefficient of every second-level indexes are higher than 0.7. According to general point, the confidence coefficient above 0.7 shows that the confidence of measuring and indicating is better, this also indicates the high internal consistence of questionnaire.

4.2.2 Analysis on Result of Customer Satisfaction

From Figure 3, food service falls behind the average dramatically, in other word, the food service is worst

factor. In the questionnaire, the analysis of customer satisfaction on food service is in Figure 4.

4.3 Relationship of Customer Satisfaction and Brand Loyalty

4.3.1 Brand Loyalty Measuring List

This list consists of a group of statements, in which each statement has five answers: "Worse", "Poor", "Fair", "Good" and "Excellence", the score imposed are separately 1, 2, 3, 4 and 5 to measuring customer satisfaction.

Cronbach's α coefficient of loyalty measuring list is 0.660, which is accordance with the requirement of psychological questionnaire.

Here, the correlation analysis is performed to various of dimensions of customer satisfaction and brand loyalty (From Table 3). The correlation analysis is to analyze the close degree of the relationship of variables researched, and it is the correlation coefficient reflecting this degree.
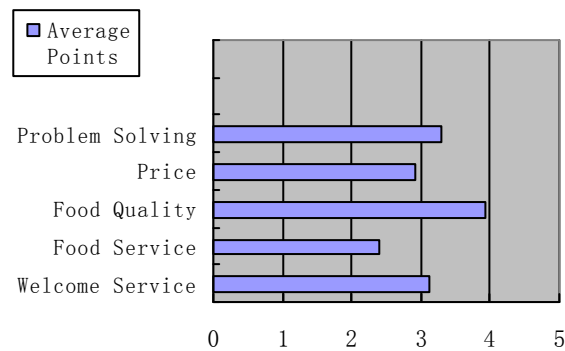

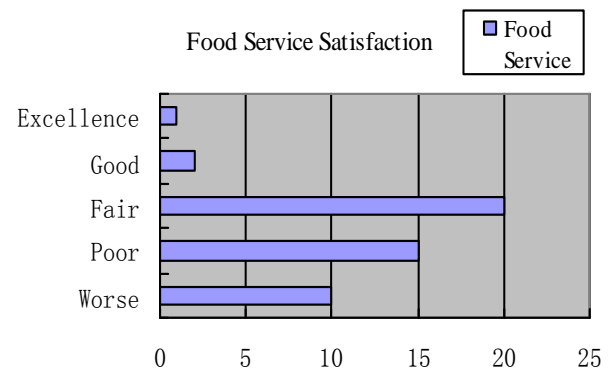**Figure 3 Average points of customer satisfaction of hotel**

Figure 4. Analysis of customer satisfaction on food service

Table 3. Related matrix on factors of customer satisfaction and brand loyalty

		A1	A2	A3	A4	A5
B1	Pearson Correlation	.188(**)	.241(**)	.101(**)	.472(**)	.667(**)
	Sig. (2-tailed)	.246	.137	.534	.002	.000
	N	30	30	30	30	30
B2	Pearson Correlation	.031(**)	.178(**)	.023(**)	.304(**)	.579(**)
	Sig. (2-tailed)	.617	.603	.242	.003	.001
	N	30	30	30	30	30
B3	Pearson Correlation	.020(**)	.191(**)	.272(**)	.302(**)	.335(**)
	Sig. (2-tailed)	.915	.312	.146	.990	.853
	N	30	30	30	30	30
B4	Pearson Correlation	.205(**)	.134(**)	.155(**)	.075(**)	.441(**)
	Sig. (2-tailed)	.864	.978	.0505	.693	.015
	N	30	30	30	30	30
B5	Pearson Correlation	.201(**)	.213(**)	.343(**)	.214(**)	.205(**)
	Sig. (2-tailed)	.236	.258	.063	. 025	.000
	N	30	30	30	30	30

From Table 3, in customer satisfaction, the significant probability of food quality, price and problem solving with customer loyalty are separately 0.0505, 0.0205, 0.15, generally, the correlation of two variables between 0.01-0.05 are significantly positively correlated.

4.3.2 Research Process

Therefore, the three dimensions of customer satisfaction are positively related with brand loyalty. From this, the former hypothesis is verified, and there is the positive correlation existed between customer satisfaction and customer loyalty in service industry.

5 Conclusions

From the analysis of the empirical research, to service industry, the customer satisfaction is positively related with the brand loyalty, the enterprise should try the best to achieve customer satisfaction and develop the loyalty of customer. The hotel of service industry needs to improve the quality, highlight the uniqueness and become cultural symbol in the market, the price should be reasonable and acceptable by the major; simultaneously, the hotel also needs to strengthen its internal and external marketing as well.

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