Chapter 4
An Analysis of the Relationship between Quality Factors and Customer Loyalty for Success of Firms in the Service Industry:
A Case Study

Cecilia Silvestri
University of Tuscia "Viterbo", Italy

ABSTRACT

In recent years, literature has largely developed and analyzed the relationship between quality factors and customer loyalty. Quality and loyalty are different concepts: the quality is a dimension, the loyalty is a behavior. According to a traditional view the relationship between quality and loyalty in a competitive market is represented by a report in which the level of loyalty is directly related to the level of quality. This relationship is not, however, neither simple nor linear because the influence of other factors that go to make a significant impact on customer loyalty. Aim of this research is analyze the relationship between quality and customer loyalty in order to demonstrate as the quality is important for successful of firms. Knowing the reasons leading to customer loyalty represents one of the most important factors for the success of an enterprise.

DOI: 10.4018/978-1-5225-2475-5.ch004

INTRODUCTION

In an extremely dynamic context the skill to anticipate customers' needs is the key point of marketing decisions (i.e. Ajay & Jaworski, 1990; Guatri, 1991; Webster Jr F.E., 1994; Valdani, 1995; Busacca, 2003.)

According to Kotler (2007) "today, companies face their toughest competition ever. Moving from a product-and-sales philosophy to a marketing philosophy, however, gives them a better chance of outperforming the competition"(p. 168). A well-conceived marketing orientation is the cornerstone for creating a long term customer relationship and it implies keeping customers informed and providing them with appropriate stimuli. Customer-focused companies are adept at building customer relationships, not just products; in other words, they are skilled in market engineering, not just product engineering (i.e. Costabile, 2001; Kotler, 2007; Wind *et al.,* 2002).

That new point of view defined as customer based view does not just deal with marketing policies and market analysis procedures, but it implies bringing all the business system into line with the customer's stated needs (i.e. Aaker, 1996; Grönroos, 1994; Vicari, 1995; Schmitt, 1999; Busacca, 2000; Chaudhuri & Holbrook, 2001; Delgado *et al.,* 2003; Kapferer, 2004; Keller, 1993; Keller & Lehman, 2003; 2006). John Chambers, CEO of Cisco Systems, summarized the concept clearly and effectively: "Make your customer the center of your culture" (Kotler, 2007, p. 169). Cultivating long term relationship with consumers, then, represents the winning strategy to face the difficulties coming from a highly competitive market. It follows that today trust and knowledge are considered by many experts as the two most important intangible resources of a company for its success (i.e. Aaker, 1989; Amit & Shoemaker, 1993; Gale, 1994; Costabile, 2001; Ulaga, 2001; Bertuzzi, 2003).

Customer satisfaction results from the comparison between the performances of a purchased product and the expectations customer had before the purchase (confirmation-disconfirmation model) (i.e. Cardozo, 1965; Hunt, 1977; Olson & Dover, 1979; Oliver, 1980, 1997; Westbrook, 1981; Cadotte *et al.*, 1997; Costabile, 2001; Costabile *et al.,* 2004; Hoyer & Maclnnis, 2001; Kotler, 2007). Generally, satisfaction – or on the contrary dissatisfaction – is a particular feeling of delight or disappointment that derives from comparing product's perceived performance to personal expectations (i.e. Oliver, 1999; Anderson & Narus, 1990; Agustin & Singh, 2002; Lemon *et al.,* 2002; Reichheld, 2006). This continuing attempt to enhance customer satisfaction led many companies to adopt the principles of total quality management. One of the objectives of TQM is to achieve customer satisfaction and it is possible to affirm that quality does not exist without satisfied customers;

Related Content