THE EFFECT OF SERVICE QUALITY ON CUSTOMER LOYALTY: A CASE OF THE LAUNDROMATT COMPANY IN NAIROBI.

BY

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ABSTRACT

The relationship between service quality and customer loyalty remains a significant area of interest for scholars and business practitioners owing to the latter’s impact on the bottom line. This study investigated the effect of the various service quality dimensions on customer loyalty. Using the case of a dry cleaning and laundry company in Nairobi, the study sought to reveal those service quality dimensions that are important to dry cleaning and laundry customers; the extent of loyalty among dry cleaning customers and the extent to which such loyalty is influenced by the quality of dry cleaning and laundry services. A descriptive survey was adopted and the researcher administered structured questionnaires to a sample of 306 dry cleaning and laundry customers within Nairobi County. The survey covered customers within the geographical areas of Milimani, Kilimani, Ngong road, Upper Hill and Ridgeways in Nairobi County. Using descriptive and correlation analysis techniques, the primary data was examined to determine the relative importance of the service quality dimensions in the dry cleaning industry, and the effect of such quality on the loyalty of customers.

Study findings established a significantly positive effect of service quality on customer loyalty. Spearman’s rank correlation analysis revealed a strong association between the two study variables. Reliability emerged as the service quality dimension with the highest effect on customer loyalty. Physical attributes (tangibles) had the lowest score for both perceived importance and effect on repeat purchases among dry cleaning customers. The findings provide a basis for appropriate recommendations and possible strategies that managers in the dry cleaning and related retail settings can deploy, and also identifies potential areas for further investigation.
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LIST OF ACRONYMS

SERVQUAL - Service Quality
SERVPERF - Service Performance
RSQS - Retail Service Quality Scale
DEFINITION OF KEY TERMS

Service Quality: A customer’s assessment of the extent to which their expectations are met by a service provider’s performance.

Customer Loyalty: A deeply held commitment to re-purchase or re-patronize a preferred product/service consistently in the future.


Dry cleaning and Laundry: The sum processes of stain treatment, cleaning, drying, pressing and packaging of garments through the combined use of mechanical and chemical applications.
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DEDICATION

To my wonderful family and the memory of our dear Mum.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Owing to the ever-increasing competition within the retail environment, present day businesses have continued to invest significant resources in strategies that drive store loyalty in the form of satisfied and returning customers. The relationship that exists between the quality of service and customer satisfaction has received considerable attention from business and academic practitioners due to its influence on business performance, cost reduction, customer satisfaction, customer loyalty and profitability (Sureshchandar et al., 2002). This attention is driven to a considerable extent by the understanding that in order to survive and maintain competitive advantage, it is imperative for any organization to not only attract, but also retain the majority, if not all of the customers who patronize their products and services. It is widely acknowledged that keeping a large base of loyal customers is more profitable than acquiring new clients (Shemwell et al., 1998). Reducing customer defections by 5% has been determined to result in a profit boost of between 25% and 85%. Such loyalty initiates a series of economic effects, and the net return on investments for the companies could be much higher for retention strategies than for strategies to attract new customers (Zeithaml and Parasuraman, 1996). Studies reveal that the benefits of loyalty further extend to an organization’s customers. In order for a long-term relationship to be sustained, it is important that benefits accrue to both firm and its customers. Recent studies have extended the understanding of customer loyalty benefits to According to Barnes (1994), the customer benefits arising from loyalty include: The social benefits associated with customer-staff familiarity or individualized recognition, and the confidence benefits incidental to the enhanced faith and trustworthiness. This results in reduced anxiety and risk where a customer knows what to expect. From the customer’s perspective, trust in the service provider and kept promises are particularly critical influencers of their long term loyalty. Recent studies have refined the customer’s repurchase role beyond the idea of a co-producer of value to co-ownership of the company’s brand (Kandampully, Zhang & Bilgihan, 2015). Their study observed that the present day service encounters should aim to achieve the engagement of customers as co-owners and co-creators of value.

The behavioural intentions of customers are often perceived to be an outcome variable of service quality and satisfaction models (Cronin and Taylor, 1992). Some studies suggest that switching behavior could also be driven by factors outside the quality of service. These include price changes, inconvenience, core service failure, service encounter failures accompanied by poor employee responses, attraction by competitors, ethical problems and involuntary switching (Keaveney,1995).
Both academics and practitioners are interested in customers’ perceptions of service quality and the resultant effect on their repurchase decisions.

From its early days, commercial dry cleaning has evolved into the modern day service which involves the cleansing of fabrics with substantially non aqueous organic solvents to which special detergents and soaps are added. The process requires the attention of skilled professional workers at every stage of the operation (Johnson 1971). Commercial dry cleaners have been described as a form of convenience service (Brown 1990). This study suggested that these services exist on a continuum where on one extreme, the customer has the option of doing the cleaning from home (do it yourself) or having it picked up from the house or office by a professional service provider and returned upon processing. The customer’s intermediate options on this continuum include hiring a domestic help, the use of a domestic washing machine or dispatching the laundry items to a professional cleaner. Since the pick and drop cleaning segment in Africa is fairly underdeveloped, most professional dry cleaners have established convenient locations where customers can drop off their orders and collect them once they are processed.

1.1.2 Dry Cleaning and Laundry in Kenya

Retail outlets in Kenya are characterized by slow service and impolite staff who appear overworked and who may possess little or no product knowledge. However, the increasing role of service quality and customer care is pushing many retailers towards improved service strategies. (Kimani et al. 2012). Among the major dry cleaning retailers in Nairobi are White Rose dry cleaners, Lavage dry cleaners and Tintoria dry cleaners. Others include Ital dry cleaners, The Laundromatt Company Limited, Elgonia dry cleaners, Queens dry cleaners, Preferred dry cleaners, NAS Airport Services, Safari dry cleaners, Prestige dry cleaners and Cleanway dry cleaners. Hotels such as The Fairmont Norfolk Hotel, Hotel Intercontinental Nairobi, Hilton Hotel, Radisson Blu Hotel, and Laico Regency also offer commercial dry cleaning and laundry services to their resident guests as well as the general public. The actual cleaning may be offered at the drop off location or undertaken at separate and often centralized premises.

These organizations offer cleaning services to retail and corporate clients that lack the skill, capacity or time to launder garments. The garments include formal wear such as suits, jackets and trousers as well as such casual wear as jeans, shirts, sportswear and caps. Specialty items such as wedding gowns and silk items are also commonly cleaned commercially. The cleaning service will typically involve the client dropping off their soiled garments to a service provider’s location where the items are processed over a one to two day period. The client thereafter visits the store to collect the cleaned
items and settle their bill as they collect the order. In some instances, the service provider may provide both pick-up and delivery services to the client at a fee.

1.1.3 The Laundromatt Company Limited

The Laundromatt Company is a twelve-year old commercial dry cleaning and laundry organization based in Nairobi, Kenya. The company’s cleaning operations are centralized at its Milimani Plant in the city of Nairobi. Customer garments are received at each of the company’s five collection retail units, shipped to the central facility for processing after which they are returned to the retail outlets for customers’ collection.

The Laundromatt Company has offered dry cleaning services to customers since 2004. Like similar retail players in Nairobi, it has relied on strategic locations and returning customers to drive sustained growth and profitability. Given the competitiveness and low switching costs in the industry, commercial dry cleaners are keen to understand service quality aspects that impact the behavioral intentions of customers. Customers will often evaluate the quality of a dry cleaning service against such attributes as the ability to deliver clean, stain free garments, prompt turnaround time, convenient location and operating hours, individualized garment and customer care and courteous staff who demonstrate willingness to solve any problems that might arise during the cleaning experience. Related service quality dimensions have been observed to influence the behavioral intentions of airline passengers (Namukasa, 2013; Park et al., 2004). These intentions can be used to signal the likelihood that a customer will continue to use the cleaning service or switch to another service provider (Zeithaml et al., 1996). This understanding further provides management with an opportunity to develop appropriate tools and strategies aimed at attracting new cleaning customers while retaining existing ones.

1.2 Problem Statement

Customer churn has grown to be a major subject of interest for the business and academic community. Reichheld and Sasser, (1990) examined the high cost of losing a customer using the automobile industry. Their study concluded that the expected profit from a customer triples within four years of patronizing a business. Organizations must therefore aim to record zero defections since the loss of customers denies the business this profit. In addition to foregoing revenue and the resultant profits, organizations also have to bear the costs associated with negative word of mouth from dissatisfied customers. Conversely, the study determined that high customer retention on the other hand not only
achieves high revenue growth rates, but also years of free advertising that result from positive word of mouth. By watching the door and cutting defections, Reichheld and Sasser (1990) observed that companies can double their growth rate. Later studies confirmed that acquiring a new customer is much more expensive than retaining one (Gupta, Lehmann, & Stuart, 2004; Walsh, Groth, and Wiedmann 2005; Cavana, Corbett, and Lo 2007; Pfeifer 2005).

Other studies have demonstrated a positive relationship between service quality and customer loyalty. They have described this effect on loyalty as varied across different industries (Bloemer and Wetzels, 1999). The SERVQUAL model (also commonly referred to as the gap model) developed by Parasuraman et al. (1988) has been widely applied and uses five dimensions to explain service quality: Tangibles, empathy, assurance, responsiveness and reliability. Studies have revealed that although service quality is multi-dimensional, these dimensions do not contribute in equal measure to customer purchasing behavior and retention. (Chowdhary and Prakash, 2007) observed that it is difficult to make generalizations because of variation in the basic nature of services (labor or capital intensity) and that the type of industry affects the design of service. Their study determined empathy and responsiveness to be more important for industries that are labor intensive whereas reliability and tangibles affected the assessment of quality dimensions in the instance of capital intensive services. On the other hand, in the study conducted by Lee and Hing (1995), reliability and assurance were the two most important expectations dimensions of customers in a restaurant setting, while tangibles were the least important expectations dimension.

It would appear therefore that the relative importance of these service dimensions varies from one industry to the next. It is this variation that requires industry-specific examination to be carried out before generalizations about the applicability of the gap model can be made. According to Hansen and Bush (1999), significant success would result from a strategy that concentrates on one targeted dimension of service quality, rather than from one in which the retail firm improves marginally on all of the dimensions.

The dry cleaning retail industry has relatively high barriers to entry for investors in the form of specialized cleaning equipment and low switching costs on the part of customers. The availability of different cleaning establishments in Nairobi applies competitive pressure in the form of price wars and bundled offers that include laundry that is charged on weight basis as opposed to per-item charges. In order to break even, recoup their investment and retain customers, market players are compelled to differentiate their services on the basis of such quality dimensions as reliability, personalized service and convenient locations.

The Laundromatt Company has established store locations in different areas within Nairobi county. On average, the company welcomes approximately fifty new customers to these stores each month.
However, the outlets also record a five to ten percent churn rate each month. By mapping and gathering information about those attributes of the cleaning service that are important to customers as well as their pain points along the customer journey, the company would be in a better position to explain root causes of its churn position and realize savings on its advertising budget. This analysis would further help the organization to understand and identify the service-quality investments that would be profitable and positively impactful on post-purchase behaviour.

Managers will therefore be best served by closely evaluating their specific industry environment and seeking to achieve leadership on that particular dimension. Using the Servqual tool, this study will seek to identify the service quality dimensions that customers consider to be important in Nairobi’s dry cleaning industry and the extent to which this dimensions influence customer loyalty.

1.3 Research Objectives

- To establish the service quality dimensions that are important to dry cleaning customers at The Laundromatt Company
- To determine the extent of customer loyalty in the dry cleaning retail business at The Laundromatt Company
- To examine the relationship between service quality and customer loyalty among dry cleaning customers at The Laundromatt Company

1.4 Research Question:

a. Which service quality dimensions are important to dry cleaning customers?
b. What is the extent of customer loyalty at the Laundromatt company?
c. What is the effect of service quality on customer loyalty in the dry cleaning retail business?

1.5 Scope of the study

The target respondent is the returning, walk-in retail customer who drops and collects his/her dry personal garments at the dry cleaning outlet. The study also includes any representative of this individual customer who is tasked with picking or dropping off the cleaning order, such as spouses, colleagues, drivers, house helps or staff. The study encompasses interviews undertaken at all five branches of the organization, namely Upper hill, Milimani, Kilimani, Ridgways and Ngong Road
outlets, all in Nairobi, Kenya. The respondents belong to various professions, of both genders, with varied income groups and varied age groups.

1.6 Justification and Significance of the study

De Ruyter, Wetzels, and Bloemer (1998) observed that the impact of perceived service quality on loyalty generally varies from one industry to the next and that trends from a particular industry cannot be generalized across other industries. The empathy dimension of service quality for example has been found to bear higher relative significance in medical or hospital settings than in the automobile industry. The physical or tangible dimension on the other hand bears a high significance in hotel and other hospitality settings. The generalization approach was equally criticized in a later study that examined the mobile phone industry (Shukla, 2010). This study therefore aims to assess the relative importance of service quality dimensions and their effect on loyalty amongst dry cleaning customers.

By isolating the relative impact of each dimension, this study will attempt to step away from generalized service quality theory and reveal the impact of each dimension on loyalty within the subject industry. The analysis will seek to examine any existing relationship between the different service quality attributes of dry cleaning services and the resulting behavioural intentions of customers. The study’s discussion aims to enrich the existing marketing literature as far as explaining the relationship between service quality dimensions and customer loyalty is concerned. The findings are expected to help managers of commercial dry cleaners gain a deeper understanding of the customers’ expected service quality and suggest the key service dimensions that require managerial focus in order to influence and enhance loyalty. Commercial dry cleaners that apply the recommended approach derived from the results of this study can enhance their competitive advantage by training and empowering their staff in key service quality areas that focus on priority customer retention efforts and optimal resource allocation. Therefore, it would be of both theoretical and managerial interest to establish how service quality and service loyalty are related at the level of individual dimensions, as opposed to the perspective of their overall assessments (Zeithaml et al., 1996).
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature on the constructs of service quality and customer loyalty. It highlights the theoretical contributions of earlier scholars as well as their definitions and suggested measurement variables of these constructs. The link between the two constructs of service quality and customer loyalty is discussed within the context of emerging research before proceeding to model a conceptual framework on which this research is grounded.

2.2 Theoretical Review

2.2.1 Service Quality Models

Scholars and practitioners opine that service quality theory is based on the literature of customer satisfaction and product quality (Brady & Cronin, 2001). A common consensus regarding the models and measurement of the service construct however remains elusive. Studies over the last three decades allude to the view that service quality is intangible and heterogeneous (Zeithaml 1988). An early study by Gronroos (1984) differentiated between technical quality as an outcome for performance of service, and functional quality as a subjective perception of service delivered. The study posited that a service can be described as an activity or series of activities of more or less intangible form that usually, but not necessarily, take place by way of interactions between the customer and service employees and /or systems of the service provider, which are provided as solutions to customer problems. Parasuraman, Zeithaml, and Berry built on Gronroos’ work by developing the most widely applied and famous model, SERVQUAL. This model was based on the difference between perception and expectation of quality of service through five dimensions. SERVQUAL dimensions have subsequently been adapted to varying retail environments.
Table 2.1 SERVQUAL (adapted to dry cleaning and laundry)

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Items (Dry cleaning and laundry context)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TANGIBLES:</strong></td>
<td></td>
</tr>
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</table>
| Physical facilities, equipment, and appearance of personnel | 1. Should have up to date point of sale and cleaning equipment  
2. Shop outlets should be visually appealing  
3. Employees should be well dressed and appear neat  
4. Physical facilities should be convenient and accessible |
| **RELIABILITY:** |                                                                                                             |
| To perform the promised service dependably and accurately     | 5. Staff should deliver stain-free, well pressed garments at the promised time  
6. When customers have problems like delays, stubborn stains, missing garments, employees should be sympathetic and reassuring  
7. Laundry orders are billed and recorded accurately |
| **RESPONSIVENESS:** |                                                                                                             |
| To help customers and provide prompt service                   | 8. Customers are informed when to expect their processed orders and also receive notifications once the orders are ready for collection.  
9. Customers are served promptly when they call or visit the store  
10. Employees have to be always willing to help customers        |
| **ASSURANCE:**    |                                                                                                             |
| Courtesy knowledge, ability of employees to inspire trust and confidence | 11. Employees should demonstrate sufficient professional garment care knowledge to inspire trust among customers  
12. Customers should feel safe in their transactions with store employees  
13. Employees should be polite and courteous  
14. Employees should get adequate support to do their jobs well    |
| **EMPATHY:**      |                                                                                                             |
| Caring, individualized attention the firm provides its customers | 15. Employees should be expected to give customers individual, personalized attention  
16. Employees are expected to know what the cleaning preferences of their customers are  
17. Employees have customers’ best interests at heart  
18. Company is expected to have operating hours convenient to all customers |

SOURCE: AUTHOR (2017)

Later studies have tested the applicability of these dimensions and returned a supportive verdict. Kao (2009) explained that service quality and its dimensions have a direct bearing on buyers’ assessment of an organization and the intentions to choose the service provider. Lai (2004) concluded that a significantly positive relationship exists between the service quality, customer satisfaction, as well as with future purchase intentions of customers.
In 1992 Cronin and Taylor built on earlier work and formulated the SERVPERF model that was based on performance in service quality measurement. This model incorporated more variance in overall service quality measurement than SERVQUAL. Dabholkar et al. (1996) extended these studies and presented the Retail Service Quality Scale (RSQS). Their study identified five dimensions considered important within a retail setup. These are; (1) physical environment which includes the store layout and appearance; (2) Reliability which is the ability of retailers to keep promises and do the right things; (3) personal interaction, the staff courtesy, helpfulness, and ability to inspire confidence in customers; (4) problem solving ability of staff; and (5) the company’s policy regarding product quality, parking, hours of operation and credit cards.

While the application of the SERVQUAL instrument has been largely successful across different industries and locations, it has been faulted for some of its theoretical and empirical problems (Ladhari 2009). These include the use of different scores and its emphasis on process rather than outcome. Despite its numerous critics, it continues to appeal to both practitioner and academics owing to its potential for cross-industry and cross-functional comparison. Taap et al. (2011) opine that even though literature on service quality is extensive and varied, the SERVQUAL model remains dominant as one of the best approaches in service quality measurement.

2.2.2 Customer Loyalty

Customer loyalty is an essential issue both in the marketing literature and in marketing practice. The significance of this subject derives from the benefits associated with retaining existing customers (McMullan, 2005). Studies have shown that brand loyalty is linked to business performance (Reichheld, 2003), and play a central role in predicting long-term profitability (Salegna and Goodwin, 2005).

Research undertaken in the 1960s and 1970s shows that customer loyalty was approached predominantly from a behavioral perspective. Jacoby and Chestnut (1978) explained that in these studies, focus was largely aimed at interpreting patterns of repeat purchasing in primarily panel data as a manifestation of loyalty. Bass (1974) pointed out that owing to the occurrence of stochastic in repurchasing patterns; scholars began to question the completeness of using behavior as a measure of loyalty. It became clear that the customer’s disposition to rebuy is an essential aspect of loyalty (Gremler and Brown, 1996). Jones and Sasser (1995) described consumer loyalty as the attachment to or affection for a company’s people, products, or services. Dick and Basu (1994) enhanced the behavioral approach with the concept of relative attitude which reflects the extent to which the
consumer’s evaluation of one service dominates that of another. They posited that true loyalty is present in situations where repeat patronage coexists with a high relative attitude.

Therefore, customer loyalty is considered to be an attitudinal construct. Attitude represents the degree to which a customer’s disposition towards a service is favorably inclined (Ajzen and Fishbein, 1980). This can be shown, for instance, in the willingness to recommend to other consumers or the re-purchase from a preferred service provider (Gremler and Brown, 1996). Berger and Mitchell (1989) demonstrate that the degree to which consumers are exposed to advertising enhances the ability and confidence to process information, thereby enhancing the likelihood of commitment to a product. In the cognitive context, customer loyalty is operationalized as a conscious assessment of the price quality ratio or the willingness to pay a premium price, or in the alternative, price indifference (Fornell, 1992; Zeithaml et al., 1996). This suggests that customers will make an explicit comparison between what they give up and what they get in exchange.

2.3 Empirical Review

2.3.1 Service Quality

During what has been repeatedly described as ‘the age of the customer’, both scholarly and managerial interest has continued to focus on quality service. This is often regarded as a critical success strategy within the present day competitive business environment (Reichheld and Sasser, 1990). Practitioners are interested in understanding what constitutes a quality service in the eyes of the customer as well as the service characteristics that can be applied or varied to influence consumer behavior. Earlier studies during the 1980s were concerned with defining service quality and suggesting strategies that could match customer expectations. By relying on the resultant service quality theory and models, researchers have gone ahead to examine the effects of service quality on customer behavior prior to, during and after the purchase of services. (Chowdhary and Prakash, 2007).

Gronroos (1984, p. 27) describes a service as ‘an activity or series of activities of more or less intangible nature that ordinarily, but not necessarily, take place in interactions between customers and company staff and/or systems of the organisation, which are offered as solutions to customer problems.’ Crosby (1979) described quality as the conformance to standards. Gronroos used a two-dimensional model to explain service quality. On one end was ‘technical-quality’, by which the outcome of service performance was met, while the second was ‘functional-quality’, meaning
subjective perceptions of how service is delivered. In order to properly gauge the quality of service, his study explained that it is important to realize a definition of how service quality is perceived in the mind of the consumer and secondly, to determine the way in which such service quality can be influenced.

Service quality is a measure of how well the perceived service level delivered compares to customer expectations. Delivering quality service represents conforming to customer expectations in a uniformly consistent manner (Lewis and Booms 1983). Garvin (1983) defined quality as something that involves eliminating ‘internal failures’ (defects before the product leaves the factory) and ‘external failures’ (defects after product use). Lehtinen and Lehtinen’s (1982) argument is that service quality is produced in the interaction between a customer and the elements present in a service organization. They used three quality dimensions: physical quality, corporate quality and interactive quality. They also make a distinction between the quality associated with the process of service delivery and the quality associated with the outcome of the service.

Later practice and research has been largely dominated by the SERVQUAL instrument that is based on the gap model (Parasuraman, Zeithaml and Berry, 1985). A major strength of the SERVQUAL tool can be found in its powerful benchmarking, diagnostic, and prescriptive abilities (Kettinger and Lee, 1997). The main idea in this model is that service quality is a function of the various scores or gaps between customer expectations and their perceptions. The instrument proposes that service quality is a multidimensional concept. The model outlines five key dimensions of service quality. Reliability: This is the ability to deliver the promised service dependably and accurately. This dimension involves such issues as keeping promises about delivery, pricing and complaint handling. Responsiveness: This is the willingness to help customers and provide prompt service. This dimension focuses on service personnel's attitude to be attentive to customer requests, questions and reported problems or complaints. Thirdly, assurance is the service quality dimension that addresses employee knowledge and courtesy as well as their ability to inspire trust and confidence. Empathy is the fourth service aspect that stresses the provision of caring and individualized attention to customers. Finally, tangibles refers to the service dimension concerned with the physical aspects of the service.

Despite its wide application in service quality studies, the SERVQUAL model has not gone unchallenged and the universality of its use remains the subject of numerous debates. While it is commonly agreed that the customer perception of service quality is based on various dimensions, it appears that consensus is weak as to the content and nature of these dimensions. The problem is compounded by the diversity and complexity of service processes. Paulin and Perrien (1996)
observed that within the SERVQUAL model, service quality dimensions tend to be context-bounded and service-type-dependent. Hedvall and Paltschik (1989) further identified “willingness and ability to serve”, and “physical and psychological access” as dimensions that are only applicable to the retail space. It is argued that SERVQUAL may not be sufficient for measuring service quality across industries and situations, as well as online service quality. The instrument fails to consider the unique facets of online service quality, since the five dimensions primarily address customer-to-employee, but not customer-to-online-site interactions (Yang et al., 2004).

The SERVQUAL gap model therefore appears to be a unifying model that reflects this complexity and the hierarchical nature of the service quality construct. Chowdhary and Prakash, (2007) observe that there is no unequivocal consensus on the number of dimensions and their interrelationships. Their study posits that generalizations may be difficult to make owing to variation in the basic nature of services and that the type of industry is likely to affect the design of service.

Despite these challenges, the SERVQUAL model has made it possible to evaluate the relative importance of service quality dimensions in influencing consumer perceptions (Parasuraman et al. 1988). This reveals the relative importance that customers attach to each dimension as they evaluate the overall quality of a service. This study further observed that customers remain fairly consistent in their ranking of service. In their study, reliability was demonstrated to rank highest in importance, while empathy (a composite of understanding and access) the least important across a seemingly wide array of service types. Zeithaml et al. (1990) also report, using a modified version of the SERVQUAL tool where tangibles proved to be consistently inconsequential.

The understanding of service characteristics is therefore necessary in the choice of an appropriate instrument to measure service quality. Such a tool should be able to accommodate the above difficulties and recognize that it is that much more difficult to evaluate quality for service customers as opposed to quality of goods. Whereas product quality is primarily dependent on outcome, service outcomes alone are not sufficient. Service quality assessments rely further on the process of delivery as well as the perceptions arising out of the comparison between actual performance and the customer’s perceived expectations (Parasuraman et. al., 1985).

2.3.2 Customer Loyalty

Customer loyalty has been described as one of the most enduring assets that an organization can have. The objective of creating long-term, mutually beneficial relationships with its customers is ordinarily achieved by an organization through successful customer loyalty strategies (Pan, Sheng, and Xie,
Customer loyalty can be defined and evaluated by both attitudinal and behavioural aspects. In practice, it is difficult to observe and measure action loyalty. Scholars will often use behavioural intentions to determine the compromise of loyalty (Yang and Peterson, 2004).

In early studies, Jacoby and Chestnut (1978) explained that loyalty is not merely a behavior; it is a function of underlying psychological factors as well. They suggested the definition of brand loyalty to be “... the biased (i.e., non-random) behavioral response (i.e. purchase) expressed over time by a decision-making party with respect to one or more alternative brands out of a group of similar brands and is a function of psychological (decision-making, evaluative) process”. Customer loyalty is the strength of the relationship that exists between an consumer’s relative attitude and repeat patronage (Dick and Basu, 1994, p 16). In their widely cited model, Dick and Basu (1994) conceptualized the combined effects of attitude and behaviour. They suggested that loyalty is the result of the interaction between a customer’s relative attitude to a brand, or store, and their repeat purchase behaviour for that brand or store.

Oliver (1999) defined loyalty as a ‘a deeply held commitment to re purchase or re patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.’

Gremler and Brown (1996) defined customer loyalty as including three distinct, but related, dimensions: They described customer loyalty as the extent to which a customer exhibits repeat purchasing behaviour from a service provider, displays a positive attitudinal disposition toward the vendor, and considers using only this provider when their need for this service arises. This definition alludes to the argument that customer loyalty is a matter of degree, ranging from the completely loyal customer to one who is extremely unlikely to use a particular service provider in the future. According to this definition, a very loyal consumer is one who (a) patronizes a service provider regularly, (b) likes the organization and thinks of it in high regard, and (c) does not ever consider switching to another service provider for this service. A related definition describes customer loyalty as the attachment to a brand, store, manufacturer, service provider or other organizations based on favorable attitudes and behavioral responses such as repeat purchase (Baran, Galka & Strunk, 2008).

The importance of customer loyalty is endorsed by scholars and practitioners alike. Cavana, Corbett, and Lo (2007) observe that the costs of serving a loyal customer are less than the cost of serving a new customer. Customer loyalty delivers additional benefits to organizations in the form of less price-sensitive customers, reduced marketing expenditures that would otherwise be applied towards attracting new customers as well as organizational profitability (Rowley, 2005). In addition, Bowen and Chen (2001) posited that loyal customers play the role of a “fantastic marketing force” through
recommending and offering positive word of mouth. Given that they already know the products and require less information, loyal customers generally cost less to serve (Bowen & Chen, 2001). The combination of these characteristics of loyal customers usually means that a small increase in loyal customers can result in a substantial rise in profitability. Reichheld and Sasser (1990) observed that a five percent increase in customer retention resulted in a 25 to 125 percent increase in profits across the nine service-industry groups that they examined. They went on to conclude that a long term relationship with customers must be of strategic importance to most service organizations.

Bowen and Chen (2001) classified loyalty into behavioral and attitudinal types. The behavioural approach uses the consistent and repetitive purchases as indicators of loyalty. However not every instance of steady buying represents loyalty; these steady and repeat purchases may be influenced by other situational affects such as low price and close proximity (Hartmann and Ibanez, 2007). Attitudinal approach on the other hand refers to a personal attitude which is psychological and sensation oriented. While the customer may not purchase steadily and repeatedly from a retailer, having positive feelings about the retailer and recommending the retailer to other customers is evidence of the existence of attitudinal loyalty. In the services context, the non-tangible attributes such as reliability and confidence may play a major role in building or maintaining loyalty (Dick and Basu, 1994).

It has been argued that loyalty in some cases will extend beyond simple satisfaction. Reichheld and Aspinall (1993) found that 90% of customers who changed from one supplier to another - in this case their bank - were satisfied with their original supplier. Loyalty intentions are important in marketing because they serve as predictions of consumer decision making. Loyalty intentions represent a willingness of someone who makes an investment or personal sacrifice geared towards strengthening a relationship. Given the varying definitions, a number of authors have recognized that segmenting and classifying loyal customers would be helpful in enhancing the understanding of loyalty orientation as well as informing appropriate marketing actions (Rowley, 2005). In their study, Dick and Basu (1994) presented four types of loyalty as no loyalty, spurious loyalty, latent loyalty, and loyalty. Oliver (1999) similarly described the formation of loyalty in four stages. His study suggested that each successive stage is stronger than its predecessor.

The first and weakest stage is cognitive loyalty, which is largely grounded on factual information. Since cognitive loyalists make repurchase decisions on the basis of logic, they are vulnerable to the persuasive appeals of competitors. This is followed by a second phase, the affective loyalty. It is
stronger than cognitive loyalty owing to two reasons: The consumer has used a product for a longer period of time, and also, successful consumption experiences have resulted in favorable attitudes and an emotional attachment to the product. The consumer’s feelings, however, are vulnerable and available to the promotional appeals of competing brands.

The third stage relates to “True” loyalty which is categorized as conative loyalty. At this level, repurchase evolves into a behavioral intention, similar to the “impulse or compulsion to act” (Bagozzi, 1993). There exists a deeply held desire (or motivation) to patronize a service provider, yet the consumer remains vulnerable to a reduced impulse or compulsion to repurchase. The fourth and ultimate loyalty state is action loyalty, which refers to an action control process (Kuhl and Beckman, 1985). Action loyal customers have not only the intention, but also the motivation to repurchase. At this stage the customers are prepared to go out of their way and proactively search for the product even in cases where the product or service has become difficult to find. The devotion of action level loyalists is thought to be nearly unshakable.

Rowley (2005) undertook a related investigation that developed what is commonly referred to as the 4 Cs of customer loyalty. Customers were separated into the four groups of captives, convenience-seekers, the contented, and the committed. While the classifications may vary in description, it is widely agreed that it is essential to evaluate both behavioral and attitudinal loyalty aspects in the measurement and analysis of customer loyalty (Han et al., 2011). Behavioral aspects are observed to have a relationship with spurious loyalty and no loyalty. This is when the repurchase occurs even if the organization has a negative image in the market. Attitudinal loyalty on the other hand is linked to active loyalty, which in addition to repurchase, also implies positive word of mouth (Martinez and Rodriguez del Bosque, 2013).

While consensus is yet to be realized on the antecedents of customer loyalty, it is generally agreed amongst practitioners and academics that customer satisfaction and service quality are key prerequisites of loyalty (Gremler and Brown, 1997; Cronin and Taylor, 1992). In their investigation that covered retail banking, Lewis and Soreli (2006) identified loyalty antecedents that included service attributes, image, relationship marketing efforts, commitment, trust, switching costs and inertia. In addition, technical, economical and psychological factors that influence customers to switch service providers are also considered to be additional prerequisites of loyalty (Selnes, 1993; Gremler and Brown, 1997). Included here are trust and the perceived value of the service. The perceived value relates to the trade-off between the perceived benefits and perceived sacrifices
(Zeithaml, 1988; McDougall and Levesque, 2000). Similar studies confirm that the firm's image plays a significant role in influencing customer enthusiasm: value, delight, and loyalty (Bhote, 1996).

An examination of literature suggests that organizations can broaden their understanding of customer loyalty. The implications of customer loyalty appear to go far beyond customer retention (Motley, 2002). Increasing market share therefore requires not only enhancing the loyalty of one’s own customers, but also developing strategies that are geared towards persuading those competitors’ customers with weak loyalty-based opinions and beliefs to defect (Tyler, 2002). Beyond retaining its own customers as well those that defect from competitors, an organization can seek to create an unwavering allegiance to its products or services, also referred to by Oliver (1999) as fortitude and a sense of community. His study described fortitude as the extent to which a consumer will ignore, refuse or fail to attend to the promotional advances by competitors of the service or product to which he is loyal. In the fortitude-building process a strong relationship is cultivated between the consumer and a branded product. Harley-Davidson and Winnebago are examples of organizations that run successful corporate programs geared towards creating and developing action level, community based consumer loyalty by supporting local clubs and rallies.

This approach is also consistent with the idea that loyalty formation is an evolutionary process where logical (cognitive loyalty) reasons for ongoing patronage precede emotional (affective loyalty) associations between the consumer and the product, followed by a commitment to re-purchase a product (conative loyalty), and thereafter result in ongoing repurchase even when action-loyalty is necessary to overcome the repurchase obstacles (Oliver, 1997). During this state of fortitude, the consumer has selected a single brand to repurchase continuously. The customer is immune from competitive overtures, will not be swayed from determined repurchasing, fiercely defends the brand, and usually promotes the brand to others with fervor.

The multi stage loyalty formation is further confirmation that a passionate, love-like relationship is possible between a consumer and her favorite brand, and that it can be relied upon to “be there” for the consumer (Fournier, 1998; Fraering & S. Minor, 2013). Commercial interactions over the internet reveal that these strong relationships can go beyond customer commitment. Heskett (2002) describes this higher level loyalists as ‘apostles’- customers who not only recommend and re-patronize a service provider, but further maintain authority and credibility in the eyes of other consumers. If properly nurtured, apostles can develop into a small subset of ‘owner-like’ customers whose behavior involves
taking personal responsibility of the product or service offering as well as suggesting possible areas of product and service improvement.

2.2.3 The link Between Service Quality and Customer Loyalty

If service quality has a relationship with customer retention as suggested by previous research, then there must exist evidence of its impact on customer behavioral intentions. Alongside customer satisfaction, these two constructs remain central to marketing theory and practice owing to the strong bearing they have on customer behavioral outcomes. (Spreng and Mackoy, 1996).

There are scholars who argue in favor of a direct relationship between service quality and behavioral intentions (Zeithaml et al., 1996; Cronin, Brady and Hult, 2000) and loyalty is viewed as an outcome of the retail service quality construct (Yuen and Chan, 2010). Various scholars argue that there are significant differences in relationships between service quality and customer loyalty on the dimensions level (Bloemer et al., 1999). Other studies however, demonstrated that a mediating role is played by the satisfaction construct (Caruana et al., 2000; Osayawe, 2006; Santouridis, 2010).

The link between service quality and individual customer loyalty has also been investigated empirically by Boulding et al. (1993) and Cronin and Taylor (1992). While Cronin and Taylor (1992) investigated repurchase intentions in a multi-sectoral study covering four industries (banks, pest control, dry cleaning and fast food), Boulding et al. (1993) focused on both re-purchase intentions and positive word of mouth. In the study by Cronin and Taylor (1992), service quality did not appear to significantly impact repurchase intentions, while Boulding et al. (1993) identified positive relationships between the quality of service, repurchase intentions and positive word of mouth. The perceived quality of a product or service reflects a customer’s opinion with regard to its superiority or excellence. Venetis & Ghauri (2004) explained that service quality can be considered as one of the few avenues of service differentiation, customer attraction and increased market share. It is also a key means of customer retention. In addition, the lifetime value of a returning customer can be significantly high, especially when referrals are captured in the economics of customer retention and repurchase of related products (Heskett et al, 1994).

2.4 Research Gap

The reviewed literature suggests that the relative importance of service quality dimensions and their impact on customer loyalty varies from one industry to the next. This variation makes it necessary for
industry-specific examination to be carried out to enhance knowledge on the application of existing models. This study seeks to examine this relative importance of service quality dimensions and their effect on customer loyalty within Nairobi’s dry cleaning and laundry retail environment.

2.5 Conceptual Model

The preceding literature review discusses the link between this study’s research variables. This relationship is described in the following conceptual framework, depicting the relationship that exists between service quality (the independent variable) and customer loyalty (dependent variable).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERVICE QUALITY</td>
<td>CUSTOMER LOYALTY</td>
</tr>
<tr>
<td>- Reliability</td>
<td>- Re purchase intentions</td>
</tr>
<tr>
<td>- Empathy</td>
<td>- Willingness to recommend</td>
</tr>
<tr>
<td>- Assurance</td>
<td>H1</td>
</tr>
<tr>
<td>- Responsiveness</td>
<td></td>
</tr>
<tr>
<td>- Tangibles</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.1 Conceptual Framework

Source: Author (2017)
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This study investigated the effect of quality dry cleaning and laundry services on customer loyalty. It sought to understand the relationship that exists between the constructs of service quality and customer loyalty. In this chapter, the methodology that guided the relevant data collection is discussed. This includes the research design, population and sampling design, research procedures and choice of analysis techniques.

3.2 Research Design

This study used a descriptive survey design involving data collected through a cross sectional study. The data reveal the distribution of statistical population characteristics through sampling of the respondent population and as such will be collected through a cross sectional study. This allowed the researcher to examine any relationships that might exist between the study variables using a range of statistical and graphical techniques (Saunders et al. 2011).

3.3 Population and Sampling

A selected sample should represent the full set of cases or elements in a way that is justifiable and meaningful (Becker 1998). The research question sought to investigate the relationships that exist between the quality of dry cleaning services as perceived by the entire customer base of the case organization and the resulting influence on repurchasing and recommending intentions. The existing customer base was estimated to be 1,500 active and returning customers. Where the population falls below 10,000 a smaller sample size (adjusted minimum sample size) can be used without affecting the overall accuracy of the study (De Vaus, D.A 2014).

\[ n' = p\% \times q\% \times (z/e\%)^2 \]

Where

- \( n \) is the minimum sample size required
- \( p\% \) is the percentage belonging to the new customers category
- \( q\% \) is the percentage belonging to the returning customers category
z is the z value corresponding to the confidence level required
e% is the margin of error required

Using the adjusted minimum sample size formula, the sample was calculated as follows:

\[ n' = \frac{n}{1+(n/N)} \]

Where:
- \( n' \) is the adjusted minimum sample size
- \( n \) is the minimum sample size
- \( N \) is the total population

Since the total population of dry cleaning customers was 1500, the sample size was arrived at as below:

Given an estimated 50% chance of selecting new customers or returning customers, the below formula was applied:

\[ n' = 50 \times 50 \times (1.96/5)^2 \]

\[ = 2500 \times (0.392)^2 \]

\[ = 2500 \times 0.154 \]

\[ = 384 \]

\[ n' = \frac{384}{1+(384/1500)} \]

\[ = \frac{384}{1.256} \]

\[ = 306. \]

This sample size was expected to deliver accurate findings within a 5% margin of error. Since the customer base was disproportionately distributed across the laundry shops, the sample selection was equally adjusted to reflect this variation.
In order to realize the target number of respondents in a survey, it is important to anticipate the likely response and factor this information into the number of respondents who are contacted to participate in the research (Denscombe 2007). This investigation was largely administered through a face-to-face survey which, according to Bethlehem and Biffignandi (2011) yields a considerably higher response rate as compared to other modes of data collection.

### 3.4 Data Collection Tool

The researcher collected primary data by way of a researcher-administered questionnaire. The three-section questionnaire sought responses to 32 questions. The first section covered demographic characteristics of the respondents. The second section adopted the SERVQUAL tool to explore the respondents overall perception of the company’s service quality and an evaluation of the five service quality dimensions. The final section presented questions that sought to establish the respondents’ repurchase and recommending intentions.

The questionnaire was administered through telephone as well as face-to-face interviews. The items used in this scale were extracted from those developed by Rust and Zahorik (1993) and by Ganesh et. al., (2000). The tool applied a five-point Likert-type scale to determine respondent perceptions of the study constructs.

<table>
<thead>
<tr>
<th>Branch/ Outlet</th>
<th>Total Customers</th>
<th>Percent</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milimani</td>
<td>635</td>
<td>42.3%</td>
<td>130</td>
</tr>
<tr>
<td>Kilimani</td>
<td>506</td>
<td>33.7%</td>
<td>103</td>
</tr>
<tr>
<td>Ridgeways</td>
<td>148</td>
<td>9.9%</td>
<td>30</td>
</tr>
<tr>
<td>Ngong Road</td>
<td>152</td>
<td>10.1%</td>
<td>31</td>
</tr>
<tr>
<td>Upper Hill</td>
<td>59</td>
<td>4%</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1500</strong></td>
<td><strong>100%</strong></td>
<td><strong>306</strong></td>
</tr>
</tbody>
</table>
3.5 Data Analysis

The first section of the questionnaire provided data output related to the respondents’ factual or demographic characteristics. The descriptive analysis by way of mean score and standard deviations confirmed if the data collected was representative of the total population.

Question number 20 assisted in establishing the service quality dimension that was important to most dry cleaning and laundry customers. By ranking the dimensions, a mean and standard deviation analysis revealed the relative importance of service quality dimensions as perceived by the respondents. The results from these responses shed light on those dimensions that require improvement.

The questions in the fourth section of the questionnaire provided insights on the repurchase and behavioural intentions of respondents. Descriptive statistics were used to determine graphical and variance analysis of loyalty patterns among respondents.

Descriptive statistics were applied to identify service quality dimensions that are important to dry cleaning customers as well as the extent to which customer loyalty existed in the company under investigation. Thereafter Spearman’s rank correlational analysis was conducted to examine the strength of association between the study variables.

3.6 Research Quality

Pre-testing is considered one of the key stages of the survey questionnaire construction process, without which even the most experienced researchers, may come up with doubtful research results (Cătoiu et al., 2002). A pilot test of the research instrument was sampled on a group of twenty-five respondents. The test availed a glimpse the reactions that the researcher was likely to expect from the wider group of respondents. While respondents were able to answer all questions in the data collection tool, the face-to-face approach appeared to yield a slower response rate. Owing to time and poor weather constraints, respondents requested for a copy of the questionnaire to be sent to them electronically. Majority of the returning customers’ telephone contacts were available in the customer database and by sending them a link to the survey, the yield was significantly enhanced. The test exercise therefore helped to generate feedback and fine-tune the questionnaire’s appropriateness to the dry cleaning and laundry environment. The questionnaire was further tested for reliability using the Cronbach’s Alpha, also called the coefficient of reliability. In order to establish the internal consistency and the reliability of the main variables (service quality and customer loyalty) the Cronbach’s alpha (α) was calculated for each item. Qualitative analysis, through coding, was
conducted on the open-ended questions. Specifically, word density searches were employed to identify emergent themes that are of relevance to the dependent and independent variables.

3.7 Ethical Considerations

The researcher acted openly and maintained objectivity and integrity throughout the research process. Upon contact with the respondent, the researcher presented a participant information sheet and a consent form before proceeding with data collection or presenting the questionnaire. Given the research sought to collect the respondents’ personal views, the researcher conveyed assurance as to the confidentiality and anonymity of all the collected information. This included data analysis and data storage. Respondents were informed of their right to participate as well as withdraw from the study without giving justifications or reasons for either. The principle of informed consent was applied to ensure that the participants involved in the research are given sufficient information i.e. the opportunity to ask questions, and give responses without coercion.
CHAPTER 4: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter provides an analysis and the presentation of data collected from the case study. The study used a questionnaire whose questions were structured to address the research objectives. The overall objective of the study was to identify the service quality dimensions that customers consider to be important in Nairobi's dry-cleaning industry and their effect on customer loyalty.

4.2 Response Rate

Of the stipulated sample size of 306, a total tally of 241 responses was achieved, representing a 79% response rate. Baruch and Holtom (2008), in an analysis of 1607 studies focusing on data collection from individuals through the use of questionnaires posit that the average response rate for the journal-published papers was 52.7%. The response rate for this study that was collected from the company’s five outlets and therefore deemed satisfactory for the analysis of data to satisfy the objectives of the study.

4.3 Reliability and Validity

Data validity was conducted through the use of a pilot test. The target number for the study was set at 25 respondents. This response number was achieved in a period of two days involving face-to-face interactions at the various outlets. From the pilot study, it was established that the various scales, and the questionnaire as a whole, was intended to measure what it was set out to measure (Tavakol & Dennick, 2011); each question was well understood and aligned with the dimension it was intended to assess.

Reliability of the various Likert Scales used in the study was assessed through the use of Cronbach's alpha; this approach to assessment of reliability assesses the ability of a scale to measure consistently (Tavakol & Dannick, 2011). The various scores for the scales used are indicated below.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach's Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>.776</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.825</td>
</tr>
<tr>
<td>Assurance</td>
<td>.781</td>
</tr>
<tr>
<td>Empathy</td>
<td>.638</td>
</tr>
<tr>
<td>Tangibles</td>
<td>.779</td>
</tr>
<tr>
<td>Importance</td>
<td>.790</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>.126</td>
</tr>
</tbody>
</table>

Source: Survey Data
Creswell (2008) observes that a Cronbach's alpha of 0.6 or higher is acceptable in inferring the internal consistency of items in a scale. It was therefore observed that all the scales, except the one that was employed for assessment of customer loyalty were reliable. The shortfall resulting in low internal consistency of the scale "customer loyalty" was attributed to the fact that high ratings in two of the questions indicated low customer loyalty. The responses were thus inverted or reverse coded in order to capture consistent results for the section.

4.4 Descriptive Statistics

4.4.1 Gender

Table 4.2 Gender Proportions

From the total 241 respondents, 26.6% were female, 71.8% male and 1.7% declined to indicate their gender.

4.4.2 Frequency of visits
The frequency of visits varied widely with the most common frequency being "At least once in a month." 9.5% of the respondents visited the stores at least once in two months. This was the lowest frequency of visitation. The frequencies of visitation are depicted in table 4.3 and figure 4.1.
Table 4.3 Frequency of Visits

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>At least once a week</td>
<td>50</td>
<td>20.7</td>
</tr>
<tr>
<td>At least once in a month</td>
<td>63</td>
<td>26.1</td>
</tr>
<tr>
<td>At least once in two months</td>
<td>23</td>
<td>9.5</td>
</tr>
<tr>
<td>At least once in two weeks</td>
<td>43</td>
<td>17.8</td>
</tr>
<tr>
<td>More than once a week</td>
<td>36</td>
<td>14.9</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>241</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Figure 4.1 Frequency of visitation

4.4.4 Reliability Dimension

Responses in this section were skewed to the left with most respondents indicating that they considered the service reliable. The overall mean for responses on the dimension was 4.52 with a standard deviation of 0.159. These results are depicted in table 4.4 and figure 4.2 below.
Table 4.4 Reliability Descriptive

<table>
<thead>
<tr>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>235</td>
<td>4.38</td>
<td>.890</td>
<td>-1.922</td>
<td>.159</td>
</tr>
<tr>
<td>My laundry looks clean, well pressed and smells fresh when delivered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>234</td>
<td>4.62</td>
<td>.821</td>
<td>-2.804</td>
<td>.159</td>
</tr>
<tr>
<td>My laundry orders are recorded and billed accurately</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>235</td>
<td>4.57</td>
<td>.749</td>
<td>-2.315</td>
<td>.159</td>
</tr>
<tr>
<td>My cleaning orders are processed within reasonable time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>233</td>
<td>4.52217</td>
<td>.684817</td>
<td>-2.600</td>
<td>.159</td>
</tr>
<tr>
<td>RELIABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>233</td>
<td>4.52217</td>
<td>.684817</td>
<td>-2.600</td>
<td>.159</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>233</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.2 Reliability Distribution

![Reliability Distribution Histogram](image)
4.4.5 Responsiveness Dimension

Responses in this section were skewed to the left with most respondents indicating that they considered the service providers responsive. The overall mean for responses on the dimension was 4.62 with a standard deviation of 0.161. These results are depicted in table 4.5 and figure 4.3 below.

Table 4.5 Responsiveness Descriptive

<table>
<thead>
<tr>
<th></th>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company employees are not too busy for me and are always willing to assist me</td>
<td>232</td>
<td>4.54</td>
<td>.896</td>
<td>-2.517</td>
<td>.160</td>
</tr>
<tr>
<td>I am always informed when my cleaning order is expected to be ready</td>
<td>236</td>
<td>4.67</td>
<td>.722</td>
<td>-3.089</td>
<td>.158</td>
</tr>
<tr>
<td>When I call or visit the store I am attended to promptly</td>
<td>232</td>
<td>4.62</td>
<td>.740</td>
<td>-2.747</td>
<td>.160</td>
</tr>
<tr>
<td>RESPONSIVENESS</td>
<td>229</td>
<td>4.61572</td>
<td>.673087</td>
<td>-2.846</td>
<td>.161</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>229</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4.5 Assurance

Responses in this section were skewed to the left with most respondents indicating that they considered the service providers assuring. The overall mean for responses on the dimension was 4.7 with a standard deviation of 0.162. These results are depicted in table 4.6 and figure 4.4 below.

Table 4.6 Assurance Descriptive

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>The staff are knowledgeable about company services and garment care in general</td>
<td>228</td>
<td>4.41</td>
<td>.832</td>
<td>-1.638</td>
<td>.161</td>
</tr>
<tr>
<td>Employees process my cleaning orders in a manner that inspires trust and confidence</td>
<td>235</td>
<td>4.52</td>
<td>.931</td>
<td>-2.334</td>
<td>.159</td>
</tr>
<tr>
<td>ASSURANCE</td>
<td>226</td>
<td>4.469</td>
<td>.7910</td>
<td>-2.085</td>
<td>.162</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>226</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4.6 Empathy
 Responses in this section were skewed to the left with most respondents indicating that they considered the service providers empathetic. The overall mean for responses on the dimension was 4.2 with a standard deviation of 0.166. These results are depicted in table 4.7 and figure 4.5 below.

Table 4.7 Empathy Descriptive

<table>
<thead>
<tr>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>The staff know me by name and offer me personalized attention</td>
<td>228</td>
<td>3.87</td>
<td>1.240</td>
<td>-.776</td>
</tr>
<tr>
<td>The store working hours are convenient for me</td>
<td>230</td>
<td>4.56</td>
<td>.822</td>
<td>-2.537</td>
</tr>
</tbody>
</table>
When a problem arises, the staff are genuinely interested in solving the problem, sympathetic and assuring.

<table>
<thead>
<tr>
<th>EMPATHY</th>
<th>214</th>
<th>4.21</th>
<th>0.998</th>
<th>-1.131</th>
<th>0.164</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid N (listwise)</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.5 Empathy Distribution

4.4.7 Tangibles
Responses in this section were skewed to the left with most respondents indicating that they considered the physical attributes of the stores appealing. The overall mean for responses on the dimension was 4.5 with a standard deviation of 0.165. These results are depicted in table 4.8 and figure 4.6 below.
<table>
<thead>
<tr>
<th>Physical appearance: the store is visible, visually appealing and consistent with a laundry service provider</th>
<th>227</th>
<th>4.33</th>
<th>.954</th>
<th>-1.711</th>
<th>.162</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company employees appear neat and presentable</td>
<td>224</td>
<td>4.64</td>
<td>.726</td>
<td>-2.747</td>
<td>.163</td>
</tr>
<tr>
<td>The processed laundry is packaged and presented in an acceptable manner</td>
<td>223</td>
<td>4.43</td>
<td>.932</td>
<td>-2.005</td>
<td>.163</td>
</tr>
<tr>
<td><strong>TANGIBLES</strong></td>
<td>218</td>
<td>4.45872</td>
<td>.737815</td>
<td>-2.311</td>
<td>.165</td>
</tr>
<tr>
<td><strong>Valid N (listwise)</strong></td>
<td>218</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4.8 Importance by gender
A comparison of the perception of importance by dimension between male and female respondents indicated similarity except for the assurance dimension where female respondents viewed the dimension as more important than male respondents. This is depicted in the figure 4.7.

Figure 4.7 Relative importance of service quality dimensions
The dimension regarded most important by respondents was reliability with 178 respondents indicating that the dimension was most important and three respondents regarding it as least important. Responses for the dimension presented a mean of 4.68 and a standard deviation of 0.162; the highest and the least for all the dimensions respectively. The dimension "Physical Appearance" was regarded least important with 108 respondents indicating that it was not an important factor. Responses for the dimension indicated a mean of 4.01 and a standard deviation of 1.212; these were the lowest and highest ratings, respectively, for the section. Figure 4.8 depicts the relative importance of the various service quality dimensions; table 4.8 depicts the descriptive statistics for the importance of the various dimensions; and figure 4.9 provides a representation of the distribution by rating of responses for the various dimensions.

Figure 4.8 Relative importance of the dimensions
Table 4.9 Importance of dimensions descriptive

<table>
<thead>
<tr>
<th></th>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHYSICAL APPEARANCE</td>
<td>225</td>
<td>4.01</td>
<td>1.212</td>
<td>-1.149</td>
<td>.162</td>
</tr>
<tr>
<td>RELIABILITY</td>
<td>225</td>
<td>4.68</td>
<td>.759</td>
<td>-2.978</td>
<td>.162</td>
</tr>
<tr>
<td>RESPONSIVENESS</td>
<td>222</td>
<td>4.65</td>
<td>.744</td>
<td>-2.867</td>
<td>.163</td>
</tr>
<tr>
<td>ASSURANCE</td>
<td>222</td>
<td>4.50</td>
<td>.881</td>
<td>-2.004</td>
<td>.163</td>
</tr>
<tr>
<td>EMPATHY</td>
<td>219</td>
<td>4.38</td>
<td>1.013</td>
<td>-1.779</td>
<td>.164</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>216</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.9 Importance of dimensions: distribution
4.6 Extent of customer loyalty

4.6.1 Repeat purchase
Responses assessing repeat purchase intent were skewed to the left thereby indicating that most respondents intended to purchase services in the future. The mean assessing this attribute was 4.35 with a standard deviation of .971. This is shown in figure 4.10.

Figure 4.10 Repeat Purchase Intent

![Histogram showing repeat purchase intent with mean 4.35 and standard deviation 0.971.]

4.6.2 Willingness to recommend
Most respondents indicated that they would recommend the company’s services to friends and family. The responses in this section were skewed to the left with a mean of 4.54 and a standard deviation of 0.822. This is shown in figure 4.11.
For the attribute "Top of mind" as an indicator of customer loyalty, it was observed that most respondents exclusively thought of the service provider when considering laundry services. Responses in the section presented a mean of 4.04 and a standard deviation of 1.153. This is shown in figure 4.12.
4.6.4 Effect of price adjustments

Responses for the attribute "Price effect" did not present a typical spread. The mean for responses in the section as 3.08 with a standard deviation of 1.495. This was the lowest mean for the section.
4.6.5 Problem resolution
Most respondents indicated that they would stay with the service provider after encountering a problem. Responses in this section presented a mean of 3.71 and a standard deviation of 1.385. This is shown in figure 4.14.
4.6.6 Location switch

Respondents in this section indicated that they were likely to retain the company's services upon switching to a different location. Responses in this section presented a mean of 3.24 and a standard deviation of 1.407. As shown in figure 4.15, the spread of that data did not conform to the normal bell curve; no skew was immediately apparent. Answers in this section were therefore more heterogeneous than those on previous attributes.
Figure 4.15 Location switch frequency
A summary of the descriptive statistics for the section is presented in Table 4.10 below.

Table 4.10 Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>REPEAT PURCHASE</td>
<td>228</td>
<td>4.35</td>
<td>.971</td>
<td>-1.744</td>
<td>.161</td>
</tr>
<tr>
<td>RECOMMEND</td>
<td>226</td>
<td>4.54</td>
<td>.822</td>
<td>-2.403</td>
<td>.162</td>
</tr>
<tr>
<td>LOYALTY</td>
<td>225</td>
<td>4.04</td>
<td>1.153</td>
<td>-1.129</td>
<td>.162</td>
</tr>
<tr>
<td>PRICE</td>
<td>226</td>
<td>3.08</td>
<td>1.495</td>
<td>.008</td>
<td>.162</td>
</tr>
<tr>
<td>RESOLVE</td>
<td>222</td>
<td>3.71</td>
<td>1.385</td>
<td>-.679</td>
<td>.163</td>
</tr>
<tr>
<td>LOCATION</td>
<td>227</td>
<td>3.68</td>
<td>1.254</td>
<td>-.727</td>
<td>.162</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>215</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7 Effect of service quality on customer loyalty
The relationship between the various service quality dimensions and the various indicators of customer loyalty was assessed using Spearman's rank correlation. Bishara and Hittner (2012) observe that Spearman's rank correlation is suited for non-normally distributed data with scores of above 0.4 correlation being valid to infer minimal correlation. The various significant correlations are depicted in Table 4.11 below.
Table 4.11 Spearman's Rank Correlation

<table>
<thead>
<tr>
<th></th>
<th>PURCHASE INTENT</th>
<th>RECOMMEND</th>
<th>TOP OF MIND</th>
<th>PRICE EFFECT</th>
<th>PROBLEM RESOLUTION</th>
<th>LOCATION SHIFT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corr. Coeff</strong></td>
<td>.415**</td>
<td>.537**</td>
<td>.375*</td>
<td>-0.115</td>
<td>-0.130</td>
<td>.234**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.088</td>
<td>0.057</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>222</td>
<td>220</td>
<td>219</td>
<td>220</td>
<td>217</td>
<td>221</td>
</tr>
<tr>
<td><strong>Corr. Coeff</strong></td>
<td>.293**</td>
<td>.433**</td>
<td>.390*</td>
<td>-.160*</td>
<td>-0.022</td>
<td>.176**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.019</td>
<td>0.752</td>
<td>0.009</td>
</tr>
<tr>
<td>N</td>
<td>218</td>
<td>216</td>
<td>216</td>
<td>216</td>
<td>212</td>
<td>217</td>
</tr>
<tr>
<td><strong>Corr. Coeff</strong></td>
<td>.348**</td>
<td>.481**</td>
<td>.381*</td>
<td>-.147*</td>
<td>-0.073</td>
<td>.250**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.031</td>
<td>0.293</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>217</td>
<td>216</td>
<td>215</td>
<td>215</td>
<td>211</td>
<td>216</td>
</tr>
<tr>
<td><strong>Corr. Coeff</strong></td>
<td>.229**</td>
<td>.349**</td>
<td>.429*</td>
<td>-.200*</td>
<td>-0.123</td>
<td>.274**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
<td>0.004</td>
<td>0.082</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>205</td>
<td>204</td>
<td>203</td>
<td>204</td>
<td>200</td>
<td>204</td>
</tr>
<tr>
<td><strong>Corr. Coeff</strong></td>
<td>.266**</td>
<td>.415**</td>
<td>.476*</td>
<td>-.228**</td>
<td>-0.104</td>
<td>.351**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.001</td>
<td>0.138</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>210</td>
<td>209</td>
<td>209</td>
<td>209</td>
<td>205</td>
<td>210</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

.00-.19 “very weak” .20-.39 “weak” .40-.59 “moderate” .60-.79 “strong” .80-1.0 “very strong”

The strongest correlation was observed between the reliability dimension and the willingness to recommend attribute. The weakest valid correlation was that between tangibles and willingness to recommend.
4.8 Emergent Observations
In order to assess the correlation between frequency of visit and customer loyalty, frequency data was
codified as depicted in Table 4.1. Spearman's rank correlation was then run with the results
depicted in Table 4.1. It emerged that there was no apparent relationship between the
frequency of visit and customer loyalty as all correlations were in the range 0.00 to 0.19 hence very
weak.

Table 4.1 Coded Frequency

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least once in two months</td>
<td>1</td>
</tr>
<tr>
<td>At least once in a month</td>
<td>2</td>
</tr>
<tr>
<td>At least once in two weeks</td>
<td>3</td>
</tr>
<tr>
<td>At least once a week</td>
<td>4</td>
</tr>
<tr>
<td>More than once a week</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 4.13 Frequency of visit and customer loyalty correlation

<table>
<thead>
<tr>
<th>Spearman's Rho Rho Frequency</th>
<th>REPEAT PURCHASE INTENT</th>
<th>TOP OF MIND</th>
<th>PROBLEM EFFECT</th>
<th>RESOLUTION</th>
<th>SHIFT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>-.168*</td>
<td>.012</td>
<td>.091</td>
<td>.029</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.035</td>
<td>.879</td>
<td>.257</td>
<td>.715</td>
<td>.306</td>
</tr>
<tr>
<td>N</td>
<td>165</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>158</td>
</tr>
</tbody>
</table>

An assessment of the findings by gender indicated relatively lower customer loyalty among women
than among men with an exception for the dimension "Responsiveness". This is depicted in figure 4.16.
An Assessment of customer loyalty as dependent on the extent of perception of trust and confidence in the company indicated discrepancies with those perceiving the company as inspiring trust and confidence rating the attributes top of mind, recommend and repeat purchase intent. The inverse was true for the attributes location shift, problem resolution and price effect. This is depicted in figure 4.17 below.
4.9 Open Ended Question Analysis
This section provides a qualitative analysis of data captured from open-ended questions.

4.9.1 Areas of stand-out service
The most commonly stated aspect that stood out for the respondents was customer service quality. Respondents indicated that the staff were professional and reliable. Reliability of the service offering was also an emergent theme with respondents’ comments speaking to speed of cleaning, consistency in cleaning and the sending out of short message service (SMS) prompts as reminders for pick-up times. Personalization of the service offering also stood out as an area of note. Respondents indicated that personalization of service rendering through such approaches as remembering client names enhanced their experience. Pricing and convenience in opening hours also emerged as areas of particular effect on loyalty albeit less notably.

4.9.2 Areas of dissatisfaction
The most apparent concern for respondents involved charges on packaging. This was viewed as an unwelcome extra expense. Respondents also pointed to inconsistency in the service offering as a problem area; most notably, the quality of cleaning was depicted, by multiple respondents, as an issue meritng consideration. Express laundry services were viewed as conspicuously lacking in some branches and unsatisfactory in duration in others. The state of the shop also emerged as a major issue. In particular, respondents indicated that more space should be availed, particularly at the main branch in order to mitigate risks such as fires, theft, and creasing of clothes. It also emerged that prices were higher for some garments.
4.9.3 Trust and Confidence: Yes
Majority of respondents indicated that the company inspires trust and confidence with the main reason being high quality customer service. Multiple respondents also indicated that clothes were never lost hence inspiring trust and confidence. Reliability and consistency in cleaning also presented as a theme in the responses. The notification of customers through text messages was also viewed as a value-add inspiring trust and confidence.

4.9.4 Trust and Confidence: No
The main reason cited for lack of trust was variability in the reliability of the service rendering. Multiple respondents complained of unsatisfactorily cleaned clothes. The aspect of time also emerged as a factor undermining trust and confidence – some respondents indicated that they had to wait longer than expected to receive services. There were also complaints on the quality of customer care.

4.10 Insights for managers.
Descriptive statistics show that the bulk of respondents are male and that with the exception of the dimension "Assurance" both male and female respondents maintain similar views on the quality of service offered. Most respondents visit the laundry at least once in a month. In assessing the most important quality dimensions, reliability stood out as the most important whereas physical appearance of the store was the least important. The ranking by importance of the dimensions was as follows – reliability, responsiveness, assurance, empathy, physical appearance of the store. In assessing the extent of customer loyalty, it emerged that the aspect recommend was the most highly rated whereas price effect, was the least rated. The ranking by rating was as follows – recommend, repeat purchase, top of mind, problem resolution and price. An analysis of the relationship between customer satisfaction and customer loyalty indicated seven valid correlations – reliability and recommend 0.537, Reliability and purchase intent – 0.415; responsiveness and recommend 0.433; assurance and recommend 0.481; empathy and top of mind - 0.429; and tangibles and top of mind - 0.476 and tangibles and recommend – 0.415. It also emerged that there was not a relationship between frequency of visit and customer loyalty.
CHAPTER FIVE: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

Using a case study approach, the research sought to determine the effect of service quality on customer loyalty. This chapter presents a discussion of the study findings, draws conclusions from the findings and makes recommendations. The chapter discusses the study objectives in the context of the analyzed data:

5.2 Discussion

This section summarizes the study findings as outlined in the research objectives.

5.2.1 Service quality dimensions

The first objective of the study involved identifying those service quality dimensions that are important to dry cleaning customers. Respondents from the selected case rated reliability as the most important dimension with a mean score of 4.68, followed by the responsiveness dimension which recorded a mean score of 4.65. Assurance was ranked third by customers at a mean score of 4.1, while empathy and tangibles scored a mean of 4.38 and 4.01 respectively. The study findings suggest that while all service quality dimensions are generally important to customers (all had a mean score above 4.0), their relative importance is varied among the individual dimensions. The high mean scores among the five service quality dimensions are consistent with the SERVQUAL model and lends validity to the widely applied model as developed by Parasuraman et al. (1988). The order of importance among the various dimensions in this study further confirms the findings from Chowdhary (2007), which posited that generalizations of key service attributes across different service types is often misleading. While reliability might be the highest rate dimension in this case for dry cleaning customers, assurance appeared to rank higher for management schools and education.

The high reliability score suggests that dry cleaning customers expect the service processes to closely match or exceed their expectations. The responses imply that dry cleaning customers are particularly keen to get their orders professionally cleaned, free from defects such as stains or damages, and ready for collection within reasonable time as promised. While the other dimensions that include responsiveness, assurance, empathy and tangibles recorded significant rating by respondents, the results are indicative of the customers’ preference for service providers who consistently perform the promised service dependably and accurately. It is notable that the physical attributes of the dry cleaning service (tangibles) recorded the lowest mean score. It might be indicative of customers’ indifference to the physical appeal of laundry outlets in favour of a dependable service. This
suggestion might explain the existence of customers who will rarely visit the laundry outlets and prefer to send their representatives or have their laundry orders delivered to their homes or offices.

5.2.2 Extent of customer loyalty

The second objective aimed at establishing the extent of customer loyalty within the selected organization. This dependent variable was measured by assessing customers’ intention to maintain patronage at the service provider, their willingness to recommend the service to friends and associates, top of mind selection of the laundry service provider as well as customers’ insensitivity to price adjustments or changes in geographical location. The findings reveal that most customers are satisfied and return for repeat purchases. A mean score of 4.54 was recorded for customers who expressed willingness to recommend the laundry service to friends and family members. The overall mean score of 3.9 suggests that customers are generally satisfied and happy to return after their first cleaning experience. The high score recorded for willingness to recommend the case organization’s services is supportive of studies that have argued for the need for strong commitment in a brand in order for true loyalty to exist (Reicheld, 1996). The findings further underscore the argument that a fair prediction of repeat patronage can be inferred based on the intensity of this attitudinal commitment. Customers who express such commitment have been shown to be less likely and capable of spreading negative information about the brand (Donio et al., 2006).

The lower mean scores of 3.08 and 3.71 recorded for loyalty associated with price adjustments and reaction to problem resolution respectively might warrant further investigation. Customers who are prepared to switch to a different laundry service provider on account of a price change or failure to resolve a problem represent the behavioral perspective of customer loyalty. It might be useful for the company to establish the extent to which aspects such as price sensitivity could contribute to defections among customers.

5.2.3 Service quality and customer loyalty

The study sought to establish the effect of service quality on customer loyalty in a commercial dry cleaning environment. A correlational analysis of each service quality dimension’s effect on customer loyalty was undertaken. The findings from this analysis both support and complement earlier studies that have observed a positive association between the two study variables (Kitapci et al., 2013; Wong, 2003). All five service quality dimensions were found to have a strong correlation with customer loyalty as depicted by the correlation matrix.
The reliability dimension as applied in the study refers to the laundry service provider’s ability to perform the promised service dependably and accurately. This research revealed a significant association between reliability and customer loyalty. Reliability recorded Spearman’s rank correlation coefficients of 0.415 and 0.537 for repurchase intention and willingness to recommend the laundry service to other potential customers. It can be inferred that customers who perceive the laundry service to be free from defects, problems like missing garments and inaccurate records are more likely visit the outlet again and extend positive word of mouth to others. The high correlation between reliability and customer loyalty is consistent with the study by Arasli et al. (2005) which posited that this dimension has the highest impact on customer loyalty with satisfaction acting as an intermediate variable. This appears to contradict findings from the cross-industry study by Bloemer (1999) which determined responsiveness and tangibles to be key drivers of positive word of mouth in the entertainment industry. The difference in association may be attributed to the industry type variations. The research findings further revealed that customers who found the service reliable in the dry cleaning company recorded weak to negligible scores on their propensity to switch on account of price adjustments. This would appear to further support the significance placed on reliability by dry cleaning customers when making decisions about patronizing the laundry service provider multiple times.

The second dimension of responsiveness is the willingness to help dry cleaning customers and providing prompt service. The correlation coefficient was once again strongest between this dimension of service quality and customers’ willingness to recommend the company to others (0.433). This association suggests that customers who perceive the dry cleaning service as prompt and helpful are also likely to spread positive word of mouth to others. Several survey responses were explicit that the dry cleaning customers are particularly satisfied with the text notifications that they receive when their orders are booked in as well as once the items are marked ready for collection.

Assurance covered staff knowledge and courtesy, as well as their ability to inspire trust and confidence. This service quality dimension captured the ability of staff to demonstrate sufficient garment care knowledge in a manner that would inspire trust and confidence among dry cleaning customers. The study findings reveal a significant association between customers rating of assurance and their willingness to recommend the company to others (0.481).

Empathy describes the extent to which customers are attended to in a caring manner and offered individualized attention. The analysis revealed a strong association between customers who found the laundry services personalized, individual cleaning preferences consistently accommodated and top of mind recall when choosing a laundry service (0.429). One respondent pointed out their satisfaction with the fact that their name and telephone details were only requested once, captured in the
automated database and the outlet attendants recognized them during subsequent visits without having to ask for identification during later visits. In an Australian study of department store shoppers, Wong and Sohal (2003) posited a direct association between empathy and customer loyalty.

The tangibles dimension refers to the physical appearance of laundry outlets, personnel, equipment as well as written materials. The study findings reveal a strong association between physical attributes of the dry cleaning service and high recall or top of mind when customers are choosing a laundry service provider (0.476). Tangibles also recorded a correlation coefficient of 0.415 with regard to the customers willingness to recommend the company. It can be inferred therefore that visual appeal of the laundry outlets, staff appearance and accessibility account for a significant share of customer loyalty. In a study of retail banks in Greece, tangibles were similarly determined to have a significant effect on loyalty (Jamal, 2009).

The correlation analysis undertaken through Spearman’s correlation matrix depicted a strong association between the service quality dimensions and customer loyalty among the selected case organization. These findings together with earlier studies confirm that dry cleaning organizations can benefit by investing in those dimensions that bear the greatest association with customer loyalty. Such investments are likely to result in competitive advantage that allows the companies to stay ahead of the pack.

5.2.4 Management strategies

The five dimensions of service quality have been considerably reviewed in marketing literature. The interplay of these dimensions in each service type or industry provides the basis upon which appropriate marketing strategies can be developed. The question for management is how to optimally deploy resources across these dimensions in order for customers to derive maximum value possible while ensuring customer retention. From the study findings, dry cleaning companies face the risk of deploying resources towards those dimensions that are less critical at the expense of the more critical ones including reliability and responsiveness.

Dry cleaning establishments would therefore be served well by directing investments towards those aspects of the business that enhance delivery of services in a dependable and accurate manner. The study results suggest that appropriate training of staff in effective stain removal techniques might prove invaluable and provide a differentiating opportunity that creates a sustainable competitive advantage among commercial laundry establishments. Similar investments can be considered for the logistical support necessary to reliably deliver processed items back to the respective laundry outlets. In this regard, the dry cleaning firms could leverage on emerging technological advancements that would allow mitigation against loss of garments or mix-ups.
The responsiveness of laundry services could also be boosted by automation of various cleaning processes that allow timely turnaround of customers’ orders. Dry cleaning firms can invest in customized laundry software that makes possible to capture order information, track and notify customers once their garments are ready for collection. The same platform would prove useful in the early flagging of delays prior to the customer visiting the laundry outlet. In addition, the computing platforms can assist in the identification of individual cleaning patterns or frequency. Such data is useful in isolating customers who are at risk of defection, thereby facilitating early problem resolution.

5.3 Conclusions

The study examined the effect of service quality on customer loyalty within the Nairobi’s dry cleaning environment. By use the SERVQUAL dimensions and adapting them to dry cleaning retail services, the constructs of reliability, responsiveness, empathy, assurance and tangibles were ranked in order of importance by the case respondents.

On the relative importance measurement, all dimensions recorded a mean score higher than 4.0. with reliability bearing the highest score at 4.68. The same dimension was observed to have the strongest association with the independent variable with a Spearman correlation coefficient of 0.537 against customers’ willingness to recommend the company to others. The analysis confirmed the existence of a significant effect of service quality on customer loyalty and the need for the case organization and similar companies to prioritize reliability when pursuing opportunities for competitive advantage.

5.4 Limitations of the study

The usefulness of further segmentation of the dry cleaning market along its demographic constitution is worth exploring. A later study that investigates the effect of service quality as perceived by distinct, identifiable subsets such as location, student population, commuting public, housewives or married status could offer customer retention value from a marketer’s viewpoint. The study also reviews loyalty in its general context. Loyalty might be directed by customers towards company employees or to the organisation as a whole. There might be need to investigate how the respective service quality dimensions impact on the two levels of loyalty in the dry cleaning service environment.
The study data were collected from a specific actor within Nairobi’s dry cleaning retail sector. This limits the generalizability of the findings to other players in the industry and the region. It is possible that customers might remain loyal to other companies on account of conditions that are not present in the selected case organization. This limitation provides an opportunity for further investigation across different commercial laundry companies. The use of a cross-sectional design presents a further limitation of this study. Future studies in this area should consider the need for longitudinal research, as longitudinal research designs may be used to explore how the cause-effect relationship between the study variables compares and changes over time, as customers proceed along various the various levels of customer loyalty.

5.5 Areas of further research

The study revealed the role and importance of service quality and its impact on customer loyalty. Studies have highlighted the need for more clarity as regards, the relative importance of the various standards of comparison that customers apply over extended periods of time (Mittal et al., 1999). Multiple statistical techniques could also be used in further analysing the consistency of the order of importance in the various service quality dimensions.

Retail services also continue to leverage on technological advancements with more shoppers switching to online platforms that address their lifestyle needs. Companies like Amazon and eBay are examples of these virtual retail spaces. Similarly, dry cleaners like ZipJet have developed on-demand mobile applications that allow customers to order for laundry pick and delivery services. There is need to examine the effect of service quality on customer loyalty within such online environments. This is likely to reveal additional insights on specific service quality attributes that would drive loyalty for online consumers of dry cleaning services. While this may require additional time and economic resources, it is likely to offer valuable insights for scholars and management.
REFERENCES


APPENDICES

Appendix 1. Access request letter

Samuel Wanyoike
P.O Box 3296-00100
Nairobi
Date…………..

The Board of Directors
The Laundromatt Company Limited
Milimani Road,
Nairobi, Kenya

Dear Sir/ Madam,

RE: RESEARCH STUDY AT THE LAUNDROMATT COMPANY LIMITED

I am a post-graduate student of Strathmore Business School. I wish to conduct a research study in your organization. My research will examine the effect of service quality on customer loyalty in the dry cleaning industry.

I hereby seek permission to carry out a case study survey among customers from your branches in Nairobi. This will take approximately two weeks within the working hours of your company. Your organization’s participation in this study is entirely voluntary. The findings of my research will provide insights and knowledge that will be useful for your company in identifying those service quality attributes that possess the greatest potential to drive customer loyalty. The study findings will be shared with you and will remain confidential.

Each customer survey will take no more than 10 minutes to complete. Any facilitation and assistance you give in the study will be highly appreciated. Kindly confirm your authorization to proceed with the study through the above address. You can reach me on 0722 321 416 or sjwanyoike@gmail.com for any questions or clarification that you may require with respect to the proposed research.

Sincerely,
Samuel Wanyoike
Appendix 2. Questionnaire

Dear respondent,

This research is being conducted to identify the attributes of your dry cleaning service provider that are important to you and their effect on your continued patronage. The questionnaire is divided into four parts. The exercise is voluntary and will only take a few minutes of your time. Any information that you provide will remain confidential and be applied for academic and service improvement purposes only. Your cooperation is appreciated.

For any information kindly contact:
Samuel Wanyoike
Tel: 0722321416
Strathmore Business School, Strathmore University.

SECTION A – DEMOGRAPHICS (Select only one answer)

This section captures general information about the respondent for purposes of identifying existing and emerging patterns or trends.

1. Gender Male ☐ Female ☐
2. How often do you visit the Dry cleaning and Laundry Store?
   More than once a week ☐
   At least once a week ☐
   At least once in two weeks ☐
   At least once in a month ☐
   At least once in two months ☐
   Other __________________________

3. Which laundry service have you used in the last six months?
   White Rose Dry cleaners ☐
   The Laundromatt Company Limited ☐
   Lavage Laundrette & Dry cleaners ☐
   Tintoria Dry cleaners ☐
   Preferred Dry cleaners ☐
   None ☐
   Other (which one?) __________________________

SECTION B – SERVICE QUALITY
This section has questions related to the customer’s views on the quality of dry cleaning and laundry services offered by his/her current service provider. It captures the customer’s perceived assessment of the services’ reliability, responsiveness, assurance, empathy and tangibles.

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>STRONGLY DISAGREE</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>STRONGLY AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELIABILITY</td>
<td></td>
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<tr>
<td>4 My laundry looks clean, well pressed and smells fresh when delivered</td>
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<tr>
<td>5 My laundry orders are recorded and billed accurately</td>
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<td>6 My cleaning orders are processed within reasonable time</td>
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<tr>
<td>RESPONSIVENESS</td>
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<tr>
<td>7 Company employees not too busy for me and are always willing to assist</td>
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<td>me</td>
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<tr>
<td>8 I am always informed when my cleaning order is expected to be ready</td>
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<td>9 When I call or visit the store I am attended to promptly</td>
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<td>ASSURANCE</td>
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<tr>
<td>10 The staff are knowledgeable about company services and garment care in</td>
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<tr>
<td>general</td>
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<tr>
<td>11 Employees process my cleaning orders in a manner that inspires trust</td>
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<tr>
<td>and confidence</td>
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<tr>
<td>EMPATHY</td>
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<tr>
<td>12 The staff know me by name and offer me personalized attention e.g.</td>
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<td>13 The store working hours are convenient for me</td>
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<td>14 When a problem arises, the staff are genuinely interested in solving</td>
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<td>the problem, sympathetic and assuring</td>
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<tr>
<td>TANGIBLES</td>
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<td>15 Physical appearance: the store is visible, visually appealing and</td>
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<tr>
<td>consistent</td>
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</tbody>
</table>
16. Company employees appear neat and presentable

17. The processed laundry is packaged and presented in an acceptable manner

18. Name any specific areas that you find particularly satisfying with your current laundry services provider

…………………………………………………………………………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………………………………………………………………………

19. Name any aspects of your current laundry service provider that you feel require improvement.

…………………………………………………………………………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………………………………………………………………………

20. Which of the following laundry service attributes are most important to you? Kindly rank them in order of importance. (LEAST IMPORTANT TO MOST IMPORTANT)

<table>
<thead>
<tr>
<th>ATTRIBUTES</th>
<th>LEAST IMPORTANT</th>
<th>MOST IMPORTANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>21  The physical appearance of facilities, stores, equipment, personnel, materials</td>
<td></td>
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<tr>
<td>22  Reliability: Ability to perform the promised service dependably and accurately</td>
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<tr>
<td>23  Responsiveness: Willingness to help customers and provide prompt service</td>
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<tr>
<td>24  Assurance: Knowledgeable and courteous employees</td>
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<tr>
<td>25  Empathy: The caring, individualized attention the firm provides its customers.</td>
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</tbody>
</table>
### SECTION D – CUSTOMER LOYALTY

This section has questions relating to repurchase and word of mouth intentions of the customer within the foreseeable future. It assesses the customer’s post purchase behaviour.

<table>
<thead>
<tr>
<th></th>
<th>STRONGLY DISAGREE</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>STRONGLY AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Over the next six months, I will use the company’s laundry services</td>
<td></td>
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<tr>
<td>27</td>
<td>I am willing to recommend the company’s services to a friend or family member</td>
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<tr>
<td>28</td>
<td>When considering laundry services, I only choose to use my current service provider</td>
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<td>29</td>
<td>If a competing company were to offer better prices, I would switch</td>
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<tr>
<td>30</td>
<td>If the company fails to resolve a current or future problem, I will switch to a different service provider</td>
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<tr>
<td>31</td>
<td>If I move to a different residential or work location within Nairobi, I will still use the company’s services</td>
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</tbody>
</table>

32. Does your current laundry service provider inspire trust and confidence?

   Yes: ☐ Why? ____________________________________________

   No: ☐ Why? ____________________________________________

**THANK YOU VERY MUCH FOR YOUR TIME.**