

ASSURANCE, EMPATHY AND CUSTOMER SATISFACTION OF FOOD, BEVERAGE AND TOBACCO MANUFACTURING FIRMS IN SOUTH EAST, NIGERIA

Okolie, Jonathan Ibekwe (Ph.D.)

Department of Business Administration, Enugu State University of Science and Technology, Esut

Email: Jonalbva1020@gmail.com

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Abstract: *The study evaluated assurance, empathy and customer satisfaction of food, beverage and tobacco manufacturing firms in South East, Nigeria. Specifically, the objectives were to: determine relationship between assurance and customer loyalty; examine relationship between the empathy and customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria. The population of study was five thousand, five hundred and eighty-four (5584) employees of manufacturing firm under study in South East Nigeria. The sample size of 359 was established using Ferund and William statistical formula at 5 percent error margin. A survey design was adopted for the study. Instrument used for data collection was structured questionnaire. Two hundred and ninety-seven (297) copies of the questionnaire were returned. Z - test was used to test the hypotheses. The findings indicated that there was significant positive relationship between assurance and customer loyalty $Z(95, n = 297) = 7.181$ to $8.689, p < .05$. and there was significant positive relationship between empathy and customer effort score $Z(95, n = 297) = 572.484, p < .05$. The study concluded that assurance and empathy had significant positive relationship with customer loyalty and customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria. The study recommended among others that Managers of manufacturing firms should develop and continually deliver quality product and services to customers as product features which likely to help consumers develop brand loyalty.*

Keywords: Assurance, Empathy, customer satisfaction, customer loyalty and customer effort score.

INTRODUCTION

The world has now become an open global market, which is compelling many organisations in different nations, including Nigeria, to use every possible tool to sustain competitiveness. In such a dynamic environment, achieving and retaining a competitive edge is both a necessity and a challenge. To achieve these objectives, many organisations are changing their traditional business operations from production-orientation to competitive customer-orientation, where customer satisfaction lies at the heart of their business operations. Recent decades have witnessed widespread acceptance of SQM

as a means of gaining and maintaining competitiveness in the global marketplace, including Nigeria (Bayazit & Karpak, 2014; Soltani & Lai 2015).

Therefore, if Nigerian construction organisations are to survive, and compete against their current and future rivals, they need to adapt to the changing environment by pursuing, adopting, and institutionalising quality management systems. Customers now demand motivated companies from around the world to respond and improve their goods and services; thus, technologies and methodologies, such as TQM, help them to achieve this (Bayazit, et al, 2014).

For customer satisfaction to be high, promises and expectations must be met. This involves the organisation's ability to understand customer expectations and to do it right the first time (DIRTF). The ability to deal with problems as they arise is a key ingredient to success in the sense that customers who have an issue dealt with to their satisfaction have a 95% likelihood of repurchasing and telling 5 people about their experience; if they don't complain (as 96% of people do) they will tell at least 10 other people about their problem.

Customer satisfaction is more dependent on the development of interpersonal relationship as opposed to satisfaction with tangible products. Person to person interactions form an essential element in the marketing of services (Kotler, 2019). This can be achieved by developing relationships with your customers that exceed just meeting their needs or requirements, one that nurtures commitment and cultivates satisfaction by appealing to your customer's psychological and emotional needs.

However, the concept of customer satisfaction is not a new one. It hit the business sectors in early 1980's where some researchers considered that customer satisfaction is the best window into loyalty. They also found that it has direct relationship with company profitability, ROI (return on investment), or share of market. Satisfied customer think twice or several times before switching to alternatives because they become attached emotionally and also afraid to believe on alternatives quality. Many customers do not complain about dissatisfaction but it is needs to realize by the company and it differs from industry to industry. Nowadays, measuring customer satisfaction become an important issue to most organization (Zairi, 2014).

Statement of the Problem

The success of any corporate service provider can be measured in terms of its customers' attitude towards the service delivery process means service quality management dimensions will be the dominant elements in the customers' evaluations of a given service provider. When customers patronize service providers, they expect to receive quality service their levels of expectation among each individual customer vary. Unsatisfactory customer service might lead to a drop in customer satisfaction, low customer expectation, customer disloyalty, ineffective problem-resolution and unwillingness to recommend the service to a friend. Service quality has various dimensions and each customer place different level of importance on each dimensions of service quality. The service providers' perception of service quality may be quite different from what customers perceive as

service quality. If the organisations are to compete in providing quality service to customers, it is important to understand the customer perception and expectation of quality service.

Objectives of the Study

The main objective of the study was to examine the relationship between assurance, empathy and customer satisfaction of food, beverage and tobacco manufacturing firms in South East, Nigeria. Specifically, the objectives were to:

- i. Determine relationship between the assurance of service quality and the customer loyalty of food, beverage and tobacco manufacturing firms in South East, Nigeria.
- ii. Examine relationship between the empathy in service and the customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria.

REVIEW OF RELATED LITERATURE

Assurance of Service Quality

It means to inspire trust and confidence. Assurance is defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for the services that the customers perceives as involving high rising and/or about which they feel uncertain about the ability to evaluate. Trust and confidence may be embodied in the person who links the customer to the company, for example, the marketing department (UK Essays, 2018).

Empathy of Service Quality

It means to provide caring individualized attention the firm provide its customers. In some countries, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. Empathy is an additional plus that the trust and confidence of the customers and at the same time increase the loyalty. In this competitive world, the customer's requirements are rising day after day and it is the companies' duties to their maximum to meet the demands of customers, else customers who do not receive individual attention will search elsewhere (UK Essays, 2018).

Customer Satisfaction

Therefore, accurate measurement of customer satisfaction through reliable consumer feedback is vital for developing effective management strategies coupled with allowing managers to implement satisfaction improvement programs. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Oliver, 2016).

Customer loyalty has usually been referred to as a consequence of all the experiences that a customer has with a service/product provider. The experiences might include physical interactions, emotional involvements, and value chain moments (Saravanakumar and Jayakrishnan, 2014).

Customer Effort Score (CES) is a single-item metric that measures how much effort a customer has to exert to get an issue resolved, a request fulfilled, a product purchased/returned or a question answered.

Servqual Theory

SERVQUAL model was conceived by Parasuraman, Zeithaml, and Berry (1985). The SERVQUAL model is a multiple- item measure that can be used to identify and deduce customer perceptions and service expectations. It is considered to be reliable and valid for evaluating service quality in a number of industries. To develop the SERVQUAL scale, Parasuraman *et al.* (1985) gathered empirical data from five different service industries: appliance renovation and maintenance companies, retail banking, long distance telephone, security, brokerage, and credit cards. The SERVQUAL model initially acknowledged ten dimensions of service quality (tangible, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding, knowing customers, and access). Subsequently, these ten dimensions were suppressed into five (reliability, responsiveness, tangible, assurance and empathy).

Empirical Review

Adejimi & Oloyede (2020) examined impact of service quality on customers' satisfaction in pharmaceutical companies in Nigeria. This study empirically examine the relationship between service quality and customer satisfaction in Pharmaceutical companies in Lagos State, Nigeria. The results of the null hypotheses tested revealed that a coefficient determination (R^2) of 91.70% of reliability; 96.90% of assurance; and 97.30% of empathy are responsible for customers' satisfaction. Analysis results indicate that reliability, assurance and empathy have significant impact on the customers' satisfaction.

Chmad, Bambang & Burhanuddin (2021) studied service quality and customer satisfaction on loyalty of bank customers. Service quality and customer satisfaction are parts of factors that influence customer loyalty to bank services. This study used a survey research design, and respondents were selected purposively from a population of Bank organization in Indonesia. Data were analyzed employing path analysis and One-Way Analysis of Variance. Results indicate that service quality did not have significant effects on customer loyalty, but it provided significant effects on customer satisfaction followed by influencing customer loyalty.

Zygiaris, Hameed, Alsubaie & Shafiq, (2022) examined service quality and customer satisfaction in the post pandemic world in Saudi auto care industry. The aim of this research was to examine the impact of service quality on customer satisfaction in the post pandemic world in auto care industry. The study examined the relationship between service quality and customer satisfaction using the SERVQUAL framework. According to the findings, empathy, reliability, assurance, responsiveness, and tangibles have a significant positive relationship with customer satisfaction. Findings also suggest that empathy, assurance, reliability, responsiveness, and tangibles contribute to customer satisfaction.

Bashir, Umar & Yousuf (2020) examined the impact of service quality on customer loyalty and customer satisfaction using the SERVQUAL model for four main Islamic banks in the Sultanate of Oman. The correlation analysis examined the significant relationships among the study variables. The impact of service quality dimensions on customer satisfaction was captured through regression

analysis. The key findings of the study revealed that the respondents showed on average an “Agree” response in the five areas, namely, tangibles, responsiveness, reliability, assurance, and empathy. The correlation results depicted a significant relationship between the three variables: service quality, customer satisfaction, and customer loyalty.

Mjaku, (2020) conducted the impact of service quality and customer satisfaction on banking services an overview. This study is an attempt to explore the interrelationship between service quality and customer satisfaction. Previous results show that service quality has a positive and significant effect on banking services and shows that customer satisfaction has a positive and significant effect on financial performance.

Balinado, *et al*, (2021) examined the effect of service quality on customer satisfaction in an automotive after-sales service. The purpose of the study was to determine factors affecting customer satisfaction in an automotive after-sales service at Toyota Dasmarinas-Cavite Philippines by utilizing the SERVQUAL approach. Several SERVQUAL dimensions such as tangibles, reliability, responsiveness, assurance, and empathy were analyzed simultaneously to the customer satisfaction. Structural equation modeling (SEM) indicated that among the five SERVQUAL dimensions, reliability and empathy were found to have significant relationships to the satisfaction of customers at Toyota Dasmarinas-Cavite Philippines. Interestingly, tangibles, responsiveness, and assurance were found to have no significant relationships to satisfaction.

Gap in Empirical Review

From the empirical literature review, the study identified conceptual, empirical and contextual knowledge gaps. Some authors found that 2 or 3 out of the five dimensions had the most influence on customer satisfaction while other authors who only focused on one dimension found a positive relationship. This implies that this relationship still presents mixed findings warranting further research. The current study instead employed all the service quality dimensions to establish their relationship with customer satisfaction. Contextually, prior studies were conducted in different environments/ countries that have both social, economic and cultural differences from where the current study will take place, since market dynamics in developing markets like Nigeria differ significantly, that is, how customers perceive quality of a service in Nigeria may differ from how it is perceived in developed markets.

METHODOLOGY

The population of study was five thousand, five hundred and eighty-four (5584) employees of manufacturing firm under study in South East Nigeria. The sample size of 359 was established using Ferund and William statistical formula at 5 percent error margin. A survey design was adopted for the study. Instrument used for data collection was structured questionnaire. The data collected were presented and analyzed at two levels, namely descriptive analysis, percentages and Z - test was used for the test of hypotheses. Data from the questionnaire were analyzed with the aid of SPSS version 23 using simple, and percentages. Data from the questionnaire were further analyzed using simple

percentages, mean and standard deviation. The decision rule was accept the null hypothesis if the computed Z - test is less than the tabulated Z - test otherwise rejects the null hypothesis.

Test of Hypotheses

Test of Hypothesis One

There is no Positive Significant Relationship between the Assurance of Service Quality and the Customer Loyalty of Food, Beverage and Tobacco Manufacturing Firms in South East, Nigeria

Table 1 One-Sample Kolmogorov-Smirnov Test: on the Relationship between the Assurance of Service Quality and the Customer Loyalty of Food, Beverage and Tobacco Manufacturing Firms in South East, Nigeria

One-Sample Kolmogorov-Smirnov Test

			The level of leadership in the organization propels number of products sales	The information system in the organization increases more products sales to the people	The managing of risks in the organization sustains the products	The organization procurement and tender process of the product are robust and fair to people	Proper managing of organization has increased a great customer
Uniform Parameters ^{a,b}	Minimum	N	297	297	297	297	297
		1	1	1	1	1	1
	Maximum	5	5	5	5	5	5
	Absolute		.417	.484	.504	.477	.484
Most Extreme Differences	Positive		.192	.175	.121	.104	.131
	Negative		-.417	-.484	-.504	-.477	-.484
Kolmogorov-Smirnov Z			7.181	8.341	8.689	8.225	8.341
Asymp. Sig. (2-tailed)			.000	.000	.000	.000	.000

a. Test distribution is Uniform.

b. Calculated from data.

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from ,7.181 to 8.689 and on Asymp. Significance of 0.000, the responses from the respondents as displayed in the table was normally distributed. This affirmed the assertion of the most of the respondents that there was significant positive relationship between the assurance of service quality and the customer loyalty of food, beverage and tobacco manufacturing firms in South East, Nigeria

Furthermore, comparing the calculated Z- value ranges from 7.181 to 8.689 against the critical Z-value of .000(2-tailed test at 95percent level of confidence) the null hypothesis were rejected. Thus the alternative hypothesis was accepted which states that there was significant positive relationship between the assurance of service quality and the customer loyalty of food, beverage and tobacco manufacturing firms in South East, Nigeria

Hypothesis Two

There is no Positive Significant Relationship Between the Empathy of Service Quality and the Customer Effort Score of Food, Beverage and Tobacco Manufacturing Firms in South East, Nigeria.

Table 2; One-Sample Kolmogorov-Smirnov Test: on the Relationship Between the Empathy of Service Quality and the Customer Effort Score of Food, Beverage and Tobacco Manufacturing Firms in South East, Nigeria.

One-Sample Kolmogorov-Smirnov Test

		The organization provide caring attention to its customers	The customer requirement as it arise, the organization tries to meet the demands of customers	The organization shows individual attention to customers	Customer accessibility to the organization is seriously taken care of	Safety training to boost organization efficiency and productivity
N		297	297	297	297	297
Uniform Parameters ^{a,b}	Minimum	1	1	1	1	1
	Maximum	5	5	5	5	5
Most Differences	Absolute	.471	.475	.440	.514	.440
	Positive	.152	.145	.189	.054	.121
	Negative	-.471	-.475	-.440	-.514	-.440
Kolmogorov-Smirnov Z		8.109	8.182	7.587	8.863	7.587
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000

a. Test distribution is Uniform.

b. Calculated from data.

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from, 7.587 to 8.863 and on Asymp. Significance of 0.000, the responses from the respondents as displayed in the table was normally distributed. This affirmed the assertion of the most of the respondents that there was significant relationship between the empathy of service quality and the customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria.

Furthermore, comparing the calculated Z- value ranges from 7.587 to 8.863 against the critical Z-value of .000(2-tailed test at 95percent level of confidence) the null hypothesis were rejected. Thus the alternative hypothesis was accepted which states that there was significant positive relationship between the empathy of service quality and the customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria.

Summary of Findings

- i. There was positive significant relationship between the assurance of service quality and the customer loyalty of food, beverage and tobacco manufacturing firms in South East, Nigeria $Z(95, n = 297) = 7.181$ to $8.689, p < .05$.
- ii. There was positive significant relationship between the empathy of service quality and the customer effort score of food, beverage and tobacco manufacturing firms in South East, Nigeria as reported in the probability value of $Z(95, n = 297) = 572.484, p < .05$.

Conclusion

The study concluded that assurance of service quality, empathy of service quality, had positive significant relationship with customer loyalty, customer effort score of food, beverage and tobacco manufacturing firms. Good service quality leads into customer satisfaction and, therefore, makes the firms more competitive in the market. To be successful, organizations must look into the needs and wants of their customers. Attention to customer demands is a prominent feature of modern organizations. Intensive competition, technological developments, new social trends, dynamic economic environment are factors that have faced enterprises with wide fluctuations. In a competitive environment, organizations are able to grow only if they provide customers satisfaction.

Recommendations

- i. Managers of manufacturing firms should develop and continually deliver quality product and services to customers as product features which likely to help consumers develop brand loyalty.
- ii. Managers should handle their customers with empathy and be reliable while providing their services.

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