

## **PRODUCT QUALITY AND CUSTOMER LOYALTY OF PAINTS MANUFACTURING FIRMS IN PORT HARCOURT**

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### **Abstract**

This study examined the requirements of product quality and customer loyalty of paints manufacturing firms in Port Harcourt. This study adopted a cross-sectional survey and correlation investigation to establish relationship between product quality and customer loyalty of paints manufacturing firms in a non-contrived setting. Both primary and secondary methods of data collection were used to obtain relevant data for analysis. The instrument of data collection employed was the questionnaire. The population of the study comprises of five (5) paint manufacturing firms in Port Harcourt. A sample size of 8 staff from each of the regional offices of the paint manufacturing firms in Port Harcourt making 40 respondents and they were selected using the simple random sampling techniques. 40 copies were retrieved and used for the analysis. The data was analyzed using the Spearman Rank Order Correlation Coefficient statistic through the aid of statistical packages for social science version 25.0. The result of the findings revealed the existence of significant and positive relationship between product quality and customer loyalty of paints manufacturing firms in Port Harcourt. Hence, the researchers recommended that producers of paint should concentrate their efforts on making the package of their product very attractive in order to attract the interest of their customers, to enhance its performance.

Key Words: Product Quality, Customer Loyalty, Product Reliability. Product durability

### **Introduction**

The acquisition of competitive advantage by a company begins with the creation of a vision or 'strategic purpose' for the organization. As defined by Prahalad and Hamel (1990), vision is influenced by the organization's strategic thinking (in terms of itself), tools, competences, practices, procedures, structures, society, structure as well as their environment (consumers, markets, suppliers, competitors etc.). Consequently, this is sustained through an action plan to deliver the organization's unparalleled value blend. Paint manufacturing companies have been existing in Nigeria as early as the 90's, some of them operated as subsidiaries of foreign companies until indigenous companies completely bought over their shares. These industries have grown continuously and evolved over time. Today, the Nigerian paint industry is one of the largest producing in the county and a major player in the employment of labour and economic advancement. The industry has witnessed technological advancements in the methods of production as a result of stiff competition within the industry as every paint producer is forced to put in their best to ensure that they remain relevant in the market (Ogar, 2017).

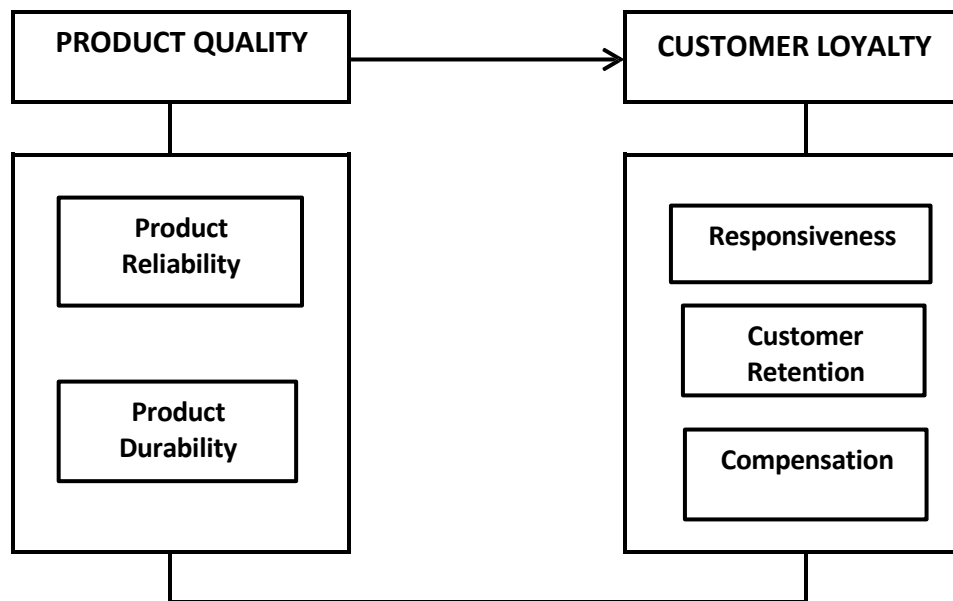
The Nigerian paints industry operates in three different tiers which are determined by product quality, company reputation and customer base. The first tier consists of major player and producers of top-quality paints like Dulux paints, Berger paints, Meyer paints, IPWA, CAP Plc. and premium paints. They control the industry to a large extent and have been existing for decades as importers of paint products but began to produce locally as the demand increased. These key players actually laid the foundation of the

indigenous paint industry in Nigeria and have remained at the top by refusing to compromise on the quality of their products. The second tier consists of medium quality paint producers with a lesser control of the market shares; they are mostly privately owned companies that operate on a smaller scale while the third tier consists of companies that produce basic quality paint products they have a bigger market than the middle tier producers because, their products are cheap and very affordable. The third tier producing companies focus more on decorative paints and fare very well in the market despite the quality of their products. If a product fulfills the customer’s expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. This means that the quality of a product may be defined as “its ability to fulfill the customer’s needs and expectations”. If a product fulfills the customer’s expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. If his or her expectations are not fulfilled, the customer will consider that the product is of low quality. This means that the quality of a product may be defined as “its ability to fulfill the customer’s needs and expectations” (UNDO 2006).

According to Kotler & Keller (2018), companies should systematically measure customer satisfaction and analyze its factors in order to retain customers. A very satisfied customer fosters loyalty. Companies need to maintain good communication and relationships to preserve customer loyalty. Customer satisfaction can be identified through consumer satisfaction survey which includes complaints and feedback, shadow buyers, and analysis of switching consumers.

**Conceptual Framework**

This study conceptual framework consists of product quality as the independent variable (predictor variable) and it has product reliability and product durability as its dimensions while customer loyalty is the dependent variable (criterion variable) and has responsiveness, customer retention and compensation as its measures.



**Figure 1.1** Conceptual Framework on the Relationship between Product Quality and Customer Loyalty of Paint Manufacturing Firms in Port Harcourt.

**Source:** Desk Research, 2023

## Literature Review

### Theoretical Underpinning

#### Disconfirmation Theory

This study had its underpinning on the theory of Disconfirmation of expectations paradigm is conceptualized by Oliver (1980, 1997). It came from a subject of study for antecedents of satisfaction (Anderson & Sullivan, 1993). The standard approach to study satisfaction involves comparison of prior expectations with observed performance. Thus, in this theory, the customer's perception of overall satisfaction results from a comparison between expectation and outcome performance. Lee and VanRyzin (2018) opine that customer loyalty is the guest's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment. Filtenborg et al., (2017) discuss that amongst the most popular customer loyalty theories is the disconfirmation theory, which argues that loyalty is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Basically, customer loyalty is the result of direct experiences with products or services, and it occurs by comparing perceptions against a standard (expectations).

#### Concept of Product Quality

Products are everything that can be offered to the market to satisfy a desire or need, including physical goods, services, experiences, events, people, places, property, information, and ideas (Kotler & Keller (2009). According to Garvin and Davis (2005), quality is a dynamic condition that deals with products, people or labor, processes and tasks, and environments that meet or exceed the expectations of customers or consumers. A product has a quality when it complies with predetermined quality standards (Ruswanti & Suhendar, 2019). The quality of the products must be able to meet the good quality standards, especially in the field of agro industry that leads to creation of machine and equipment by professionals that has been tested and certified. Consumers will feel interested and satisfied when they want to buy it, compared to other brands. Customers also feel safe to use it. Consumer's needs and expectations is one aspect that is very important in realizing the quality of products that satisfy consumers. Therefore, the importance of managing a strategy that is oriented to the interests of customers by taking into account the components of product quality. This will create a sense of impact on customer satisfaction (Ruswanti & Suhendar, 2019). Quality has been an elusive concept in paint manufacturing industry. It is the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs (Chavan, 2003). If a product fulfills the customer's expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. While studies on the way in which quality affects customer satisfaction have been on-going for more than two decades, most of the research on how quality affect satisfaction and loyalty in the past has focused largely in pure product (Steenkamp, 1990) or pure service settings (Brady & Cronin, 2001).

#### Dimensions of Product Quality

##### Product Reliability

Reliability is the probability that a product will continue to work normally over a specified interval of time, under specified conditions. Reliability also consists of accurate order fulfillment; accurate record; accurate quote; accurate in billing; accurate calculation of commissions; keep services promise (Yang et al., 2003). The higher customers appreciate on reliability, the higher the overall evaluation of quality is (Ndubisi, 2006). Product reliability is something that provides a consistent, predictable experience when used or observed (Andrew, 2019). Reliability is a major contributor to brand or company image, and it is considered a fundamental dimension of quality by most end-users. The process in which service provider remains faithful in rendering services to its customers can be considered as the reliability dimension of service quality (Khan & Fasih, 2014).

### **Product Durability**

Durability measures the length of a product's life. Durability may be defined as the amount of use one gets from a product before it breaks down and replacement is preferable to continued repair. The definition of durability varies from one person to another. By definition, the term durability refers to the ability to withstand damage, decay and deterioration over a period of time (Nireki, 1996). Durability is the measure of a product's performance with respect to a specified time period. Therefore, to ensure adequate performance of the product over its design life, durability should be understood and considered (Nireki, 1996).

### **Concept Of Customer Loyalty**

Customer loyalty is defined by (Oliver, 1997) as a deeply held commitment to rebuild 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 effort shaving the potential to cause switching behavior. According to (Dick & Basicallly, 1994) Customer loyalty are attitudes measured by asking how much people say they like the brand, feel committed to it, will recommend it to others, and have positive beliefs and feelings about it relative competitive brands.

Barnes (2013 as cited in Priansa, 2017), asserted that loyalty is evidence of emotions that trans-form repeat buyer behavior into a relationship. This loyalty leads to repeat purchases, recommendations, and increasing proportion of spending. Griffin (2002) in Prinsa (2017) further stated that the concept of loyalty is more directed to-wards behavior than attitudes and loyal customers will show purchasing behavior that can be interpreted as a regular purchase pattern and for a long time, which is carried out by the maker or collection units' decision. Kotler and Keller (2008), said that creating strong and close relationships with customers is the dream of all marketers and is the key to long-term marketing success.

### **Measures of Customer Loyalty**

According to Priansa (2017), consumer loyalty consists of 2 main perspective of in defining and measuring loyalty as behavior and loyalty as attitude, namely (1) Behavioral loyalty and (2) Attitudinal loyalty. Behavioral loyalty is measured through the purchasing behavior. Attitudinal loyalty is measured through the consumer attitudes towards the company. In this case, consumers have a high preference and commitment to the company.

### **Responsiveness**

The process in which service providers react quickly to resolve customer problem positively within a given time is called responsiveness (Blery, et. al., 2009). In other words, it describes how quick and affective the response to the customer is. Willingness to help customers is likely to have an important and positive effect on customer' perceived service quality. Mengi (2009) found that responsiveness is positively related to service quality and customer satisfaction. It also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers' safety in their business (Kumar *et al.*, 2009). From a customer support perspective, it is the time taken by the agents to respond to your customers. Customer responsiveness indicates how fast and efficient a company responds to its customers. It's important to note that customer responsiveness is more than just responding fast, it also involves the frequency and consistency in communication until the final resolution.

### **Customer Retention**

Customer retention can be defined according to (Kotler, 2008), as the way companies and organizations are able to maintain the existing customers base on establishing good relationship with all who buys the company's product. Customer retention also refers to the activities and actions companies and organizations take to reduce the number of customer defections. It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship. Companies that shift their focus to customer retention often find it to be a more efficient process because they are marketing to customers who already have expressed an interest in

the products and are engaged with the brand, making it easier to capitalize on their experiences with the company. In fact, retention is a more sustainable business (Galetto, 2015).

**Compensation**

Compensation is the reward that the employees receive in return for the work performed and services rendered by them to the organization (Abanikanta, 2013). Compensation is also a systematic approach to providing monetary value to employees in exchange of work performed (Chandra, *et. al*, 2012). Compensation is important for both employers and employees in terms of attracting, retaining and motivating employees. Ray and Ray (2011) regarded compensation as important for employees since it is one of the main reasons people work. Milkovich, (2005) argues that compensation links the gap between organizational objectives, individual expectations and aspirations. And for this link to be effective, compensation must be equitable to external references, and internal references, and therefore members treated according to individual needs. The author further fronts compensation as individual and thus managers have to be knowledgeable on how to use compensation to create competitive advantage and keep their employees at peak performance. Compensation is the most critical issue when it comes to attracting and retaining talent (Chew, 2004). Compensation represents both intrinsic and extrinsic rewards that employees receive for performing their jobs. Intrinsic compensation reflects employees’ psychological mind-sets that result from performing their jobs while extrinsic compensation includes both monetary and non-monetary rewards (Martocchio, 2013).

**Methodology**

The study adopted a descriptive research design. The population of the study comprises of five (5) selected paint manufacturing firms in Port Harcourt. A sample size of eight (8) staff from each of the regional offices of the paint manufacturing firms in Port Harcourt which include business managers, marketing officers, customer relationship officers, administrative officers, production managers, cashiers, operation service managers and sales managers making 40 respondents and they were selected using the simple random sampling techniques. 40 copies were retrieved and used for the analysis. The hypothesis testing was carried out through the use of Spearman Rank Correlation Coefficient and the analysis was conducted with the aid of the Statistical Package for Social Sciences (SPSS) version 25.0.

**Hypotheses Testing**

**H<sub>01</sub>:** There is no significant relationship between product reliability and responsiveness.

**Table 1 Correlation between product reliability and responsiveness**

		Correlations		
			Product Reliability	Responsiveness
Spearman's rho	Product Reliability	Correlation Coefficient	1.000	.855**
		Sig. (2-tailed)	.	.000
		N	40	40
	Responsiveness	Correlation Coefficient	.855**	1.000
		Sig. (2-tailed)	.000	.
		N	40	40

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

Source: (SPSS output version 25.0)

From the result in Table 1, the Spearman Rank Correlation Coefficient of .855\*\* indicates that there is a very strong and positive relationship between product reliability and responsiveness. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product reliability and responsiveness.

**H<sub>02</sub>:** There is no significant relationship between product reliability and customer retention.

**Table 2 Correlation between product reliability and customer retention**

Correlations			Product Reliability	Customer Retention
Spearman's rho	Product Reliability	Correlation Coefficient	1.000	.663**
		Sig. (2-tailed)	.	.000
		N	40	40
	Customer Retention	Correlation Coefficient	.663**	1.000
		Sig. (2-tailed)	.000	.
		N	40	40

Source: (SPSS output version 25.0)

From the result in Table 2, the Spearman Rank Correlation Coefficient of .663\*\* indicates that a strong and positive relationship exist between product reliability and customer retention. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product reliability and customer retention.

**H<sub>03</sub>:** There is no significant relationship between product reliability and compensation.

**Table 3 Correlation between product reliability and compensation**

Correlations			Product Reliability	Compensation
Spearman's rho	Product Reliability	Correlation Coefficient	1.000	.677**
		Sig. (2-tailed)	.	.000
		N	40	40
	Compensation	Correlation Coefficient	.677**	1.000
		Sig. (2-tailed)	.000	.
		N	40	40

Source: (SPSS output version 25.0)

From the result in Table 3, the Spearman Rank Correlation Coefficient of .677\*\* indicates that a strong and positive relationship exist between product reliability and compensation. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product reliability and compensation

**H<sub>04</sub>:** There is no significant relationship between product durability and responsiveness.

**Table 4 Correlation between product durability and responsiveness**

Correlations			Product Durability	Responsiveness
Spearman's rho	Product Durability	Correlation Coefficient	1.000	.866**
		Sig. (2-tailed)	.	.000
		N	40	40
	Responsiveness	Correlation Coefficient	.866**	1.000
		Sig. (2-tailed)	.000	.
		N	40	40

Source: (SPSS output version 25.0)

From the result in Table 4, the Spearman Rank Correlation Coefficient of .866\*\* indicates that a very strong and positive relationship exist between product durability and responsiveness. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product durability and responsiveness.

**H<sub>05</sub>:** There is no significant relationship between product durability and customer retention.

**Table 5 Correlation between product durability and customer retention**

Correlations			Product Durability	Customer Retention
Spearman's rho	Product Durability	Correlation Coefficient	1.000	.642**
		Sig. (2-tailed)	.	.003
		N	40	40
	Customer Retention	Correlation Coefficient	.642**	1.000
		Sig. (2-tailed)	.003	.
		N	40	40

Source: (SPSS output version 25.0)

From the result in Table 5, the Spearman Rank Correlation Coefficient of .642\*\* indicates that a very strong and positive relationship exist between product durability and customer retention. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product durability and customer retention.

**H<sub>06</sub>:** There is no significant relationship between product durability and compensation.

**Table 6 Correlation between product durability and compensation**

		Correlations		
			Product Durability	Compensation
Spearman's rho	Product Durability	Correlation Coefficient	1.000	.770**
		Sig. (2-tailed)	.	.000
		N	40	40
	Compensation	Correlation Coefficient	.770**	1.000
		Sig. (2-tailed)	.000	.
		N	40	40

Source: (SPSS output version 25.0)

From the result in Table 6, the Spearman Rank Correlation Coefficient of .770\*\* indicates that a strong and positive relationship exist between product durability and compensation. Therefore, based on the result that the significant value (P-value) of 0.000 is less than 0.05, the null hypothesis earlier stated is hereby rejected. Thus, there is a significant relationship between product durability and compensation.

### Discussion

The result indicates that product reliability has positive and significant influence on responsiveness, customer retention and compensation which are measures of customer loyalty. This is in line with the findings of Khan and Fasih (2014), that The process in which service provider remains faithful in rendering services to its customers can be considered as the reliability dimension of service quality. Reliability is a major contributor to brand or company image, and is considered a fundamental dimension of quality by most end-users. Reliability assures the customer of a service provider’s ability to consistently provide a perceived quality of service.

The result also indicates that product durability have positive and significant influence on responsiveness, customer retention and compensation which are measures of customer loyalty. The study agrees with the findings of Demsi (2017) whose study showed that brand image can be articulated in 4 forms namely, recognition, reputation, affinity and domain. The influence of product durability, one of eight forms of brand image, on customer loyalty was 23.32%.

### Conclusion and Recommendations

The purpose of this study was to determine the relationship between product quality and customer loyalty of paint manufacturing firms in Port Harcourt. Based on the result of the findings the study concluded that there is a strong and significant relationship between the dimensions of product quality and measures of customer loyalty. Based on the findings and conclusion drawn, the study recommends that;

- i. Producers of paint should concentrate their efforts on making the package of product very attractive in order to attract the interest of their customers.
- ii. Producers of paint should pay attention to the information used. The information given on the label and its value have to be highlighted while promoting the product in the market and must also be more useful technically.
- iii. Producers of paint should ensure high product distinction between its products and that of competitors’ products so as to enhance consumer rating or evaluation of the product.
- iv. Organizations should not relent in its efforts in improving background image of their paint as these have been found to be very useful in attracting customers for purchase trials.
- v. Manufacturers of paint should ensure that the prices of paints are fair enough to enhance consumer patronage and preference

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