

## PRODUCT QUALITY PERCEPTION, CUSTOMER SATISFACTION, AND CUSTOMER LOYALTY ON GREEN PRODUCTS

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### ABSTRACT

The study's main objective was to determine customers' perceptions of the quality of green products and describe their satisfaction and loyalty. After carefully analyzing the gathered data, the researcher concluded that most customers perceived green products as good quality. In terms of satisfaction, most customers were satisfied with the green products offered. Further, they were also said to be loyal to the green products.

In addition, product quality is positively and moderately correlated with customer satisfaction and loyalty; customer satisfaction is positively and moderately correlated with customer loyalty.

**Keywords:** product quality perception, green product, customer satisfaction, customer loyalty

### 1.0 INTRODUCTION

Companies faced growing pressure to become responsible and greener. Several stakeholders pressed companies to reduce their negative impacts on society and the natural environment. With the rise of environmentalism, consumers became more willing to purchase products that generate minimum impact, and society became more concerned with the environment (Chang & Fong, 2010).

With the rise of environmentalism, companies are producing, selling, and marketing products that increase environmental protection awareness. It is popularly known as green marketing. Green marketing refers to selling products or rendering services based on environmental benefits. Green marketing is multiplying because of the rise of environmental concerns, and consumers are willing to pay a lot for green products. Companies do green marketing campaigns to contribute to environmental safety and create opportunities to gain customer satisfaction and loyalty (Yazdanifard & Mercy, 2011).

Product quality is one of the marketers' primary positioning tools. Johnson and Ettl (2001) and Kotler and Armstrong (2001) described that product quality is the result of performance, which, in turn, can be labeled as the degree of customization and freedom from defects or how reliably the product meets customer requirements. The product quality dimension included packaging, design, features, warranties, etc. High product quality could gain greater product acceptance from customers. Product quality directly impacted performance and was closely linked to customer satisfaction, loyalty, and repurchase intentions.

Additionally, several studies provided empirical solid support for product quality, an antecedent, with a positive relationship to overall customer satisfaction. These suggested that maintaining good product quality will satisfy customers and generate customer loyalty. High pleasure or delight creates an emotional bond with the brand, not just a rational preference. The result is increased customer loyalty (Kotler, 2000). Satisfied customers are less price sensitive, talk favorably to others about the company and its products, and remain loyal for longer.

Amidst this trend of popular customer environmentalism and with stricter international environmental regulations, companies can not only embody green or environmental concepts in the feature, design, and package of their product to increase product differentiation, but they should also satisfy the environmental needs of customers and further create customer loyalty as well as a competitive advantage (Chang & Fong, 2010). Being the first producer to introduce a needed and valued new feature is one of the most effective ways to compete, e.g., an eco-friendly product.

Many authors believe customers are highly involved in environmental issues due to growing environmental consciousness. Companies that communicate their green product in their packaging, advertisement, or manufacturing process gain satisfied customers. Because of the green trend, companies that fail to “go green” are not failing to fail in their industry. Customers want to associate themselves with eco-friendly companies and products (Yazdanifard & Mercy, 2011).

However, the relationship between customer satisfaction and loyalty varies significantly across industries and competitive situations. This study attempted to describe if there is a significant relationship between customer satisfaction and loyalty in the case of green products. In all cases, as satisfaction increases, so does loyalty. Thus, customer satisfaction remains essential in customer loyalty - a company will find it challenging to earn customer loyalty without achieving high customer satisfaction. (Kotler & Armstrong, 2001).

Thus, this study determines the product quality perception and the satisfaction and loyalty of customers to green products. It also aimed to describe the relationship between product quality and satisfaction and satisfaction and loyalty in terms of green products.

## **2.0 MATERIALS AND METHODS**

### **2.1 Research Design**

The correlation research used descriptive statistics to measure the relations between and among product quality, customer satisfaction, and customer loyalty.

### **2.2 Sources of Data**

The data were gathered from selected municipalities/cities in Cavite. The researcher developed a questionnaire that was administered to 300 participants. The researcher used convenience sampling.

### **2.3 Data Analysis**

The self-administered survey questionnaire included statements on how customers perceived the product quality of green products. It also had how customers assess their satisfaction and loyalty. The customers were expected to express their level of agreement on the items using a 5-point Likert scale.

## 2.4 Statistical Treatment

Descriptive statistics in frequency counts, relative frequency, means, and standard deviation were applied to present product quality perception, customer satisfaction, and loyalty to green products.

An association test was used to verify the relationships between and among customer satisfaction, customer loyalty, and product quality.

The scores for each item in each construct were added. Using the scores, the Pearson product-moment correlation coefficient ( $r$ ) was used to determine the degree of relationship between the variables involved. T-test was used to determine if the coefficients were significant at the 5% level.

## 3.0 RESULTS AND DISCUSSION

**3.1 Product Quality Perception.** The study's first objective was to determine the customer perception of the quality of green products. Table 1 shows that customers perceived green products as good quality.

Quality is one of the marketers' primary positioning tools. Many companies have turned customer-driven quality into a potent strategic weapon. They create value by consistently and profitably meeting customers' needs and preferences for quality. Quality is a competitive necessity. Only companies with the best quality will thrive (Kotler & Armstrong, 2001). Thus, offering high-quality green products to customers that will meet their needs and expectations will satisfy them.

**Table 1. Product quality perception**

GREEN PRODUCT QUALITY	MEAN	STANDARD DEVIATION	INTERPRETATION
Less negative impact on the environment	3.25	1.241	Good
Energy-saving	3.22	1.102	Good
Performance reliably met customer needs	3.69	1.050	Very Good
Easy to recycle, decompose, and reuse	3.14	1.192	Good
Over-All Score	3.49	0.841	Good

**3.2 Customer Satisfaction on Green Products.** Table 2 summarizes customer satisfaction's means and standard deviations on green products. It implies that most of the respondents were satisfied with green products.

Customer satisfaction depends on a product's perceived performance in delivering value relative to the buyer's expectations. If the product's performance falls short of the customer's expectations, the buyer is dissatisfied. If performance exceeds expectations, the buyer is delighted. If performance matches expectations, the buyer is satisfied (Kotler & Armstrong, 2001).

With the rise of environmentalism, consumers have become more willing to purchase products that generate minimum impact. The customer sensed that consumption fulfilled some need, goal, or desire about environmental or green concerns and that this fulfillment was pleasurable. It was the outcome of consumption that the performance met or exceeded the green needs of customers, the requirements of environmental regulations, and the sustainable expectation of society (Chang & Fong, 2010).

Therefore, the respondents were satisfied with the green products they purchased because the performance of green products matched their expectations and their desire to be environmentally responsible.

**Table 2. Customer satisfaction with green products**

CUSTOMER SATISFACTION	MEAN	STANDARD DEVIATION	INTERPRETATION
1. I am satisfied with my decision to purchase green products.	3.67	1.011	Satisfied
2. I am glad that green products satisfied my needs.	3.73	0.998	Satisfied
3. I believe that I did the right thing in purchasing these green products.	3.66	0.995	Satisfied
4. I feel that I contribute to environmental protection when I purchase green products.	3.52	1.079	Satisfied
Over-All Score	3.77	0.798	Satisfied

**3.3 Customer Loyalty on Green Products.** Table 3 presents the mean and standard deviation of customer loyalty to green products. The result implies that most of the respondents were found to be loyal.

The study by Chang and Fong (2010) defined green customer loyalty as the customer who wants to maintain a relationship with an institute involving environmental or green concerns and is committed to rebuy or re-patronize a preferred product consistently. It was the intention to repurchase, the desire to recommend, show tolerance for a higher price, and purchase other products with/from an institute.

The key to generating high customer loyalty is to deliver high customer value. The brand must represent a promise about the total resulting experience that customers can expect. Whether the promise is kept depends upon the company's ability to manage its value delivery system. The value-delivery system includes all the communications and channel experiences the customer will have on the way to obtaining the offering (Kotler, 2000).

Although the respondents were undecided about recommending green products and showing tolerance for a higher price, the results show that they will continue to purchase green products in the future, representing loyalty.

**Table 3. Customer loyalty to green products**

CUSTOMER LOYALTY	MEAN	STANDARD DEVIATION	INTERPRETATION
1. I will continue to purchase green products.	3.85	0.913	Loyal
2. I am willing to recommend my family and friends to purchase green products.	3.29	1.033	Undecided
3. I can accept the higher price of green products and will continue purchasing them more than conventional ones.	2.90	1.297	Undecided
4. I will consider green products as my first choice in my future purchase.	4.01	1.045	Loyal
Over-All Score	3.66	0.749	Loyal

**3.4 Significant Relationships between Product Quality, Customer Satisfaction, and Loyalty on Green Products.** Table 4 shows the significant relationships between each construct of product quality, customer satisfaction, and loyalty. The scores made by the customers on each item of the constructs under study were added, and the sum represents the score for each construct.

Pearson product-moment correlation coefficients were used to describe the degree of the relationship between the paired variables. Also, the t-test was used to determine the significance of each coefficient under the 5% level.

The relationships between the paired variables were significant at a 5% significance level.

The value of  $r = 0.592$  suggests that customer satisfaction is positively and moderately correlated with customer loyalty. It also means that while customer satisfaction increases, customer loyalty increases when buying green products. The same result was discussed by Kotler and Armstrong (2001) and Chang and Fong (2010).

The value of  $r = 0.352$  signified that product quality is positively and moderately correlated with customer satisfaction. This also means that while the perception of product quality increases, customer satisfaction increases while buying green products. This result was seen in Johnson and Ettlíe (2001) and Chang and Fong (2010).

The value of  $r = 0.236$  means that product quality is positively and moderately correlated with customer loyalty. This also means that while the perception of product quality increases, customer loyalty increases while buying green products. This result was seen in Chang and Fong (2010).

**Table 4. Correlation (r) matrix on the constructs under study**

CONSTRUCTS	CONSTRUCTS		
	Product Quality	Customer Satisfaction	Customer Loyalty
Product Quality	-	0.352*	0.236*
Customer Satisfaction		-	0.592*
Customer Loyalty			-

#### 4.0 CONCLUSION

After analyzing the results, it was found that the respondents perceived the green products as good quality. They believed that green products have a less negative impact on the environment, are energy-saving, their performance reliably meets customer needs, and are easy to recycle, decompose, and reuse. They also show satisfaction with green products, believing purchasing them is right and environmentally responsible. They were satisfied with their decision to buy green products.

Furthermore, they are loyal to green products, although they were undecided in recommending them and buying if they would be offered higher prices. Finally, product quality is positively and moderately correlated with customer satisfaction and loyalty; customer satisfaction is positively and moderately correlated with customer loyalty.

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