

Paper 71 – Business and Governance

**MEDIATING EFFECTS OF CUSTOMER SATISFACTION AND WORD-OF-MOUTH
ADVERTISING ON THE RELATIONSHIP OF QUALITY OF PRODUCTS AND SERVICES TO
LOYALTY**

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ABSTRACT

This study sought to determine the mediating effects of satisfaction and word-of-mouth advertising on the relationship of quality service and customer loyalty among selected fine dining restaurants in Paseo de Sta. Rosa. The research made use of the descriptive correlational research design, an appropriate method to investigate and describe the nature of a situation as it exists at the time of the study. Structural Equation Modeling (SEM) was used to determine the mediating effects of customer satisfaction and word of mouth advertising on the relationship of the quality of products and services to loyalty among restaurant customers in Paseo de Santa Rosa. Quality of products and services of the fine dining restaurant was excellent, customers' satisfaction towards their products and services was perceived to be high, word-of-mouth advertising was perceived to be often, and the loyalty of customers was perceived to be likely. Quality of products and services was significantly related to word-of-mouth, customer satisfaction and loyalty. Furthermore, customer satisfaction was significantly related to loyalty. However, word-of-mouth advertising was not significantly related to loyalty. Based on the findings, the best path generated by the AMOS was both customer satisfaction and word-of-mouth as predictors of loyalty. Therefore, customer satisfaction and word-of-mouth had mediating effects on the relationship of quality of products and services and loyalty.

Keywords: Customer Satisfaction, Word-Of-Mouth, Quality Of Products, Quality Of Services, Loyalty

