Empirical Research on the Relationship between Service Quality, Customer Satisfaction, and Customer Loyalty at the Cinema. Evidence from Vietnam.

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Abstract
The study's primary objective was to empirical research on the relationship between service quality, customer satisfaction, and customer loyalty at the cinema in Vietnam.
Methods/Statistical analysis: We collected study data from 397 moviegoers at the cinema in Vietnam. As empirical research,we examined the data using the partial least squared structural equation modeling (PLS-SEM) with SmartPLS software 3.2.7. We applied a five-point Likert scale to measure the items of the constructs.
Findings: The results of the research revealed as follows: First, there was a significant positive relationship between service quality and customer satisfaction(β= 0.514; p=0.000). Second, there was a meaningful positive relationship between service quality and customer loyalty (β= 0.324; p=0.000). Finally, there was a significant positive relationship between customer satisfaction and customer loyalty (β= 0.458; p=0.000).
Improvements/Applications: These results may provide practical implications for cinema managers to understand the relationship between service quality, customer satisfaction, and customer loyalty. Moreover, based on service quality, they can improve customer satisfaction and customer loyalty.

I. Introduction

Nowadays, as Vietnamese's average income has increased, and their living standards have improved, they are willing to pay more for entertainment activities [1]. Among those, the cinema as a popular choice for entertainment. Vietnam's cinema industry has been multiplying as the number of moviegoers coming to the cinema has increased, especially in many urban areas. According to statistics, the number of movie rooms in Vietnam in 2018 was 901 rooms with 130,900 seats [2]. As of February 2019, the number of CGV Cinema has been still overwhelming with 75 cinemas nationwide. Lotte Cinema ranked second with 42 cinemas. The other two publishers are BHD (BHD Media JSC) and Galaxy Cinema (Galaxy Studio JSC), with 9 and 14 cinemas, respectively. In 2018, the total box office revenue in Vietnam was 143.3 million US$, and the number of moviegoers going to the theater was 47.2 million, CGV cinema's representative said. In 2019, the CGV cinema's representative also noted that total box office revenue in Vietnam would increase by 24% to 178.3 million US$, and the number of moviegoers would increase by 22% to 57.5 million [2]. As the number of moviegoers has been expanding, the cinema managers should take strategies to serve customers in the best

way. These strategies often focus on enhancing service quality, customer satisfaction, and customer loyalty [3,4].

Previous studies looked at the relationship between service quality, customer satisfaction, and customer loyalty in the overall service industry or service industry outside the cinema market [5–9]. Furthermore, the studies of the relationship between service quality, customer satisfaction, and customer loyalty have been a few in the cinema market, especially in Vietnam. Therefore, the study's primary objective was to empirical research on the relationship between service quality, customer satisfaction, and customer loyalty at the cinema in Vietnam.

II. Literature review and research hypotheses

2.1. Customer satisfaction and customer loyalty

Customer satisfaction has been one of the essential aspects that managers should attend to reach. The company's competitive advantage was to satisfy the customer in the best way, and it meant to surpass the expectations of the customer according to need and wish [10]. Therefore, customer satisfaction recognized as the core of achievement in the current fierce competition [11,12]. Customer satisfaction defined as the customer's satisfaction or frustration feeling as a result comprising between the outcome and the expectation of service [11,13,14].

The definition of customer loyalty has been much debate [10,15]. Customer loyalty often stated to the enthusiasm of customers to repurchase products or services with sound psychology and had an excellent mode for goods or companies [11,16,17]. Customer loyalty defined as "a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior" [18], (p. 392). In the current fierce

competition situation, to create and maintain customer loyalty was one of the essential things for managers.

The relationship between customer satisfaction and customer loyalty has several studies that have shown the connection between customer satisfaction and customer loyalty [10,16]. Customer satisfaction was the critical variable that led to customer loyalty [10,15].

Previous researches also showed that customer satisfaction led to enhanced chances of repurchasing, saying positive, encouraging, and recommending to the company [10,19]. Previous studies stated that customer satisfaction had a positive effect on customer loyalty [10,11,16,20]. Therefore, we proposed the following hypothesis:

H1: Customer satisfaction has a positive impact on customer loyalty

2.2. Service quality, customer satisfaction, and customer loyalty

Service quality considered as "what the customer gets and is willing to pay for" rather than "what the supplier (of the service) puts in" [21]. Other researchers said that service quality described as the result of the overall quality assessment of the customer to a service provider by comparing customers' expectations and their perceived quality received [11,12]. For measure service quality, Parasuraman et al. [22] proposed the five dimensions of service quality are tangible, reliability, responsiveness, assurance, and empathy, or what was known as SERVQUAL. SERVQUAL scales achieved reliability and validity for the industries (For instance: bank; credit card; long-distance telephone; repair and maintenance) and could use the scale for other service fields [22].

The relationship between service quality and customer satisfaction has great regarded by some researchers [6,8,13]. Previous studies showed that service quality has a positive influence on customer satisfaction [22,26,27]

The relationship between service quality and

customer loyalty also has noticed by some researchers [4,14]. Empirical research of prior studies also showed that service quality has a positive influence on customer loyalty [3,6,22,27].

Therefore, we proposed the following hypotheses:

H2: Service quality has a positive effect on customer satisfaction.

H3: Service quality has a positive effect on customer loyalty.

Based on the purpose of research, literature review, and hypotheses development, the research model presented in [Figure 1].
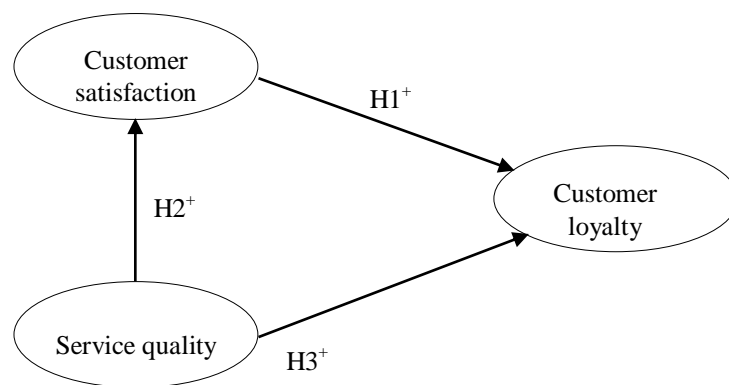

Figure 1. Proposed research model

3. Research methodology

3.1. Measures

The measurement items of the constructs from previous studies were modified and adjusted to suit the analysis context. We applied a five-point Likert scale to measure the items.

In the investigation, five items of service quality were adjusted from [3,4,24]. Modifying four variables of customer satisfaction from [11,28,29] and four items of customer loyalty were adopted from [3,4,10]

3.2. Sample and data collection

The data source was an examination of the moviegoers at the cinema in Vietnam. The study sample was carried based on convenience sampling with different groups of moviegoers about gender and age in many places in Vietnam. The purpose of this survey was to reach the representation of the collected sample. We gave a total of 450 questionnaires, and there were 397 responses accepted for the final analysis. The demographic characteristics of the moviegoers depicted as followed. There were 153 males' moviegoers (38.5%), and 244 females' moviegoers (61.5%). The respondents whose age was from 16-18 constituted 24.9%, from 18-25 represented 52.9%, from 25-35 represented 14.1%, and over 35 represented 8.1%.

3.3. Analytical approach

Testing the proposed research model by using the partial least squared structural equation modeling (PLS-SEM) with SmartPLS software 3.2.7. Testing the proposed research model and hypotheses were conducted through two stages: (1) Testing of the measurement model and (2) Testing of the structural model [28]. (1) Testing of the measurement model: construct reliability and validity. The steps of examination of constructs' reliability and validity depended on the suggestion of [28], including the internal consistency reliability, convergence validity, and discriminant validity. (2) Testing of the structural model. The steps to testing the structural model relied on the suggestion of [28].

4. Result and discussion

4.1. Result

(1) Testing of the measurement model: construct reliability and validity

[Table 1] displayed the measurement scale of the construct's analysis results. [Table 1] stated that the constructs reached the internal consistency reliability (Cronbach's alpha > 0.70 and composite reliability (CR) > 0.70). The outer loading of all items used in the research approved (above 0.70) and the average variance extracted (AVE) valued > 0.50. Therefore, the constructs gained convergent validity.

Table 1: The measurement scale of constructs

Construct	Indicator	Standardize loading	Cronbach's alpha (>0.70)	CR (>0.70)	AVE (>0.50)
Customer loyalty (CL)	CL1	0.739	0.822	0.882	0.653
	CL2	0.812			
	CL3	0.855			
	CL4	0.821			
Customer satisfaction (CS)	CS1	0.750	0.772	0.854	0.594
	CS2	0.784			
	CS3	0.741			
	CS4	0.806			
Service quality (SQ)	SQ1	0.790	0.829	0.879	0.593
	SQ2	0.746			
	SQ3	0.793			
	SQ4	0.788			
	SQ5	0.730			

Source: Data processing result

Table 2: Discriminant validity

Construct	Customer loyalty (CS)	Customer satisfaction (CS)	Service quality (SQ)
Customer loyalty (CL)	**0.808**		
Customer satisfaction (CS)	0.624	**0.771**	
Service quality (SQ)	0.559	0.514	**0.770**

Source: Data processing result

Finally, we assessed discriminant validity through the Fornell-Lacker criterion [29]. [Table 2] showed that the square root of AVE of reflective construct customer satisfaction, customer loyalty, and service quality was higher than the corresponding latent variables correlation. Therefore, these constructs were qualified the discriminant validity.

(2) Testing of the structural model

(2.1) Model fit testing

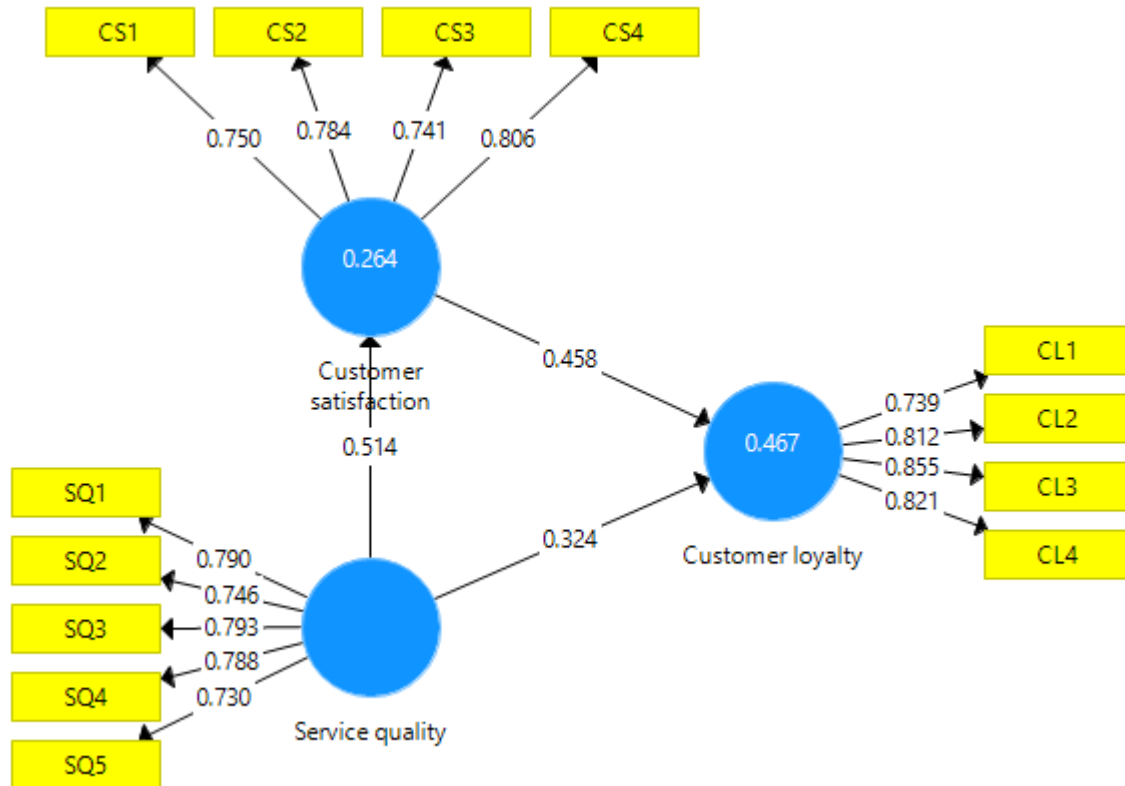Figure 2 and Table 3 presented the result of the structural model.

Figure 2: The structural model (PLS-SEM)
Source: Data processing result

Table 3: Model fit

	Saturated model	Estimated model
SRMR	0.077	0.077
d_ULS	0.545	0.545
d_G1	0.203	0.203
d_G2	0.180	0.180
Chi-square	421.906	421.906
NFI	0.810	0.810

Source: Data processing result

These results presented in [Figure 2] and [Table 3] showed that the Chi-square = 421.906 was significant at 0.05 level (p=0.00). SRMR (standardized root mean square residual) was a measure of the approximate model fit of the proposed research model. By convention, a model had a good model fit when SRMR was less than 0.08 [29]. The analyzing result in Table 3 explained that the model had SRMR indices = 0.077 <0.08. Therefore, the proposed

research model was well-suited for the investigation data. Moreover, testing of a multicollinearity issue revealed that all VIF values are below the threshold of 5. Therefore, there are no multicollinearity problems in the structural model [27].

(2.2) Hypotheses testing

Bootstrapping results (with 5000 resamplings) for the relationship between the constructs in the proposed research model disclosed that the t-value of the hypotheses H1, H2, H3 were higher than 1.96, and all the suggestions were significant at the $p < 0.05$ level. Therefore, these hypotheses were supported [Table 4].

Table 4: Hypotheses testing results

Path	Original sample	t-value	p-value	95% confidence interval	Hypotheses	Test result
CS → CL	0.458	9.931	0.000	[0.371-0.547]	H1	Supported
SQ → CL	0.324	7.117	0.000	[0.238-0.404]	H3	Supported
SQ → CS	0.514	14.174	0.000	[0.443-0.587]	H2	Supported

Source: Data processing result

(2.3) R^2 (explained variance), f^2 (effect size) and Q^2 (predictive relevance)

For the structural model, the important evaluation metrics were R^2 (explained variance), f^2 (effect size), and Q^2 (predictive relevance) [28]. The R^2 was the overall effect size measure for the structural model [30]. The R^2 value of 0.19, 0.33, and 0.67 were respectively interpreted as weak, moderate, and substantial [31]. The (f^2) effect size was displayed as the independent variable

contribution to the dependent variable. The f^2 value 0.02 was small, 0.15 was medium, and 0.35 was high [32]. The Q^2 value was described as assessing the structural model's predictive relevance about each endogenous construct. The Q^2 value should be above zero [28].

In this research, the R^2 value for the overall model here was 0.467 less than 0.67, ranked as a moderate effect [31], whereas service quality explained 26.4% of the variance on customer satisfaction (Table 5).

Table 5: R^2 (explained variance), f^2 (effect size) and Q^2 (predictive relevance)

Relationship	f^2	Construct	R^2	Q^2
CS → CL	0.289	Customer loyalty	0.467	0.280
SQ → CL	0.145	Customer satisfaction	0.264	0.146
SQ → CS	0.358			

Source: Data processing result

[Table 5] also stated that the f^2 effect sizes. The high f^2 effect size happened for the relationship service quality → customer satisfaction (0.358). The high-medium f^2 effect size occurred for the relationship of customer satisfaction → customer loyalty (0.289). The medium f^2 effect size occurred for the relationship service quality

→ customer loyalty (0.145).

[Table 5] also showed that the Q^2 values of two endogenous constructs were above zero. Correctly, customer loyalty had Q^2 values (0.280), and customer satisfaction had Q^2 values (0.146). Therefore, we obtained the model's predictive relevance.

4.2. Discussion

The research exhibited the empirical research on the relationship between service quality, customer satisfaction, and customer loyalty at the cinema in Vietnam, as suggested in the research model. This research's contribution was analyzed and tested the relationship between service quality, customer satisfaction, and customer loyalty in a different context compared with previous studies. Most of the earlier researches paid attention to the above effects for the various service industry, and this research showed these effects at the cinema in Vietnam.

The study result also stated that service quality has a positive effect on customer satisfaction. An excellent service quality, according to the moviegoers, led to enhance customer satisfaction. Furthermore, the impact of service quality on customer satisfaction was quite-substantial ($\beta = 0.514$), and the f^2 effect size of the relationship of service quality and customer satisfaction was medium (0.145). Previous studies supported the result [3,4,27].

The result also demonstrated that service quality has a positive effect on customer loyalty. Better service quality, according to the moviegoers, led to more increase customer loyalty. Besides, the impact of service quality on customer loyalty was moderate ($\beta = 0.324$), and the f^2 effect size of the relationship of service quality and customer loyalty was large (0.358). The earlier studies confirmed the finding of the result [3,6,22].

The research result showed that customer satisfaction has a positive effect on customer loyalty. Customer satisfaction was an important variable that directed to customer loyalty. The real customer satisfaction, according to the moviegoers, pointed to improved customer loyalty. Moreover, the impact of customer satisfaction on customer loyalty was moderate ($\beta = 0.458$), and the f^2 effect size of the relationship customer satisfaction and customer

loyalty was relatively large (0.289). The earlier empirical studies verified the result, such as [10,11,16].

5. Managerial implications, limitations, and future research

5.1. Managerial implications

The results of this study revealed that service quality played an essential role in affecting customer satisfaction. Moreover, service quality also has a positive effect on customer loyalty. These findings give orientations for cinema managers concerning the importance of service quality. Thus, cinema managers should pay attention to components of service quality, such as physical aspect, reliability, personal interaction, problem-solving, and cinema's policy, to enhance customer satisfaction and customer loyalty. These findings also may help the cinema managers in building and implementation strategic plans to increase customer satisfaction and customer loyalty.

The research results also showed that customer satisfaction was core to customer loyalty. Moviegoers' gratification will make them continue to go to the cinema, saying favorable to others, encouraging relatives, and recommending others to go to the cinema. Therefore, cinema managers should consider these results in the process of building and implementing the business strategy to assist moviegoers within the best approach.

5.2. Limitations and future research

The research has some limitations. Firstly, the study surveyed some cinemas in Ho Chi Minh City, not yet representative of other cities in Vietnam. Secondly, the study only examined the relationship between service quality, customer satisfaction, and customer loyalty at the cinemas. There may be other factors affecting explaining customer satisfaction and customer loyalty. These limitations can start-up directions for future study.

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