Loyalty of the $1 Barbershop Customers: Investigating the Role of Service Quality, Satisfaction, and Trust

Usep Suhud, Setyo Ferry Wibowo & Listya Namora
Faculty of Economics, Universitas Negeri Jakarta, Indonesia

ABSTRACT: This study aims to examine the impact of service quality, customer satisfaction, and customer trust on the loyalty of $1 barbershops’ customer. There is a lack of study focusing on consumer behaviour relating to barbershop services. This study involved 200 male participants who were approached conveniently, those who visited a barbershop. Data were analysed using exploratory and structural equation model for hypotheses testing. This study found service quality significantly affected customer satisfaction, customer loyalty, and customer trust. Besides, customer satisfaction and customer trust significantly changed customer loyalty, and customer satisfaction significantly affected customer trust. This study discusses recommendations for practitioners and future research.

1 INTRODUCTION
In Indonesia, there is a phenomenon in which a village can produce thousands of professional barbers who then roam and spread to other cities of this archipelago country (Herdiana, 2015). The barbers who worked in barbershop come from Bagendit, a village in Garut, West Java Province (200 kilometers south of Jakarta, the capital). Most barbershop workers find their hair shaving skills naturally handed down from their ancestors, from generation to generation (Soekirno, 2017). To better master, the modern techniques of hair cutting and trendy hairstyles, some of them take courses from their seniors in their villages (Supriadin, 2017).

These cheap barbershops occupy an air-conditioned room or even without air-conditioning they rent. They also use simple razors, sometimes even without regard to the hygiene of the shaving equipment. Nevertheless, they have visitors, generally from low-income communities, who are loyal to come to get the services. These services include haircut heads and facial hair, hair colouring, both for adults and children. For this study, the barbershops visited are those that have rates ranging from IDR 10000 to IDR 15000 (proximately USD1) for once haircut. When many barbershop fixes low prices, simple shavers, simple furniture, some without air conditioning, even some of them do not have a brand name, how can customers be loyal?

Scholars have investigated customer loyalty in the hospitality service industry including hotels, restaurants, café, spa, and salon. (Alsaqre, n.d.; Chow, Tan, Thiam, & Wong, 2012; Han & Ryu, 2009). However, customers of barbershops’ loyalty have a lack of scholarly attention. Therefore, this study aims to measure the loyalty of barbershops’ customers by employing service quality, customer satisfaction, and customer trust as predictor variables.

1.1 Theoretical background
1.1.1 Service quality, customer satisfaction, and customer loyalty

Service quality has been used by prior studies to predict customer satisfaction, purchase intention, customer trust, and customer loyalty (Lai, 2015; Saleem & Raja, 2014). Hafeez and Muhammad (2012) found that service quality, customer satisfaction, and loyalty programs increased customer loyalty. Taking place in Malaysia in the banking industry setting, Kheng, Mahamad, and Ramayah (2010) tested the impact of service quality on customer satisfaction and customer loyalty, and the impact of customer satisfaction on customer loyalty. As they reported, customer satisfaction is significant to influence customer loyalty. Besides, in that study, Kheng et al. (2010) tested the impact of each dimension of service quality both on
satisfaction and loyalty. As a result, tangible and responsiveness were insignificant to influence customer loyalty whereas reliability, empathy, and assurance were. Additionally, responsiveness, empathy, and assurance were significant to influence satisfaction whereas tangible and reliability are insignificant. A similar approach with different findings has been shown by Khan and Fasih (2014b). These scholars included five dimensions of service quality to be used to measure satisfaction and customer loyalty and found that all the dimensions were good predictors of satisfaction and loyalty.

Loyalty of restaurant customers in Hong Kong was investigated by Lai (2015) employing service quality, perceived value, satisfaction, and affective commitment as predictor variables. Two of findings the scholar showed were a significant impact of service quality on satisfaction and loyalty. Further, a study with a bank industry setting was conducted by Hidayat, Akhmad, and Machmud (2015). According to these scholars, service quality and customer trust had a significant impact on customer satisfaction. Additionally, service quality and customer trust had a significant impact on satisfaction.

Rasheed and Abadi (2014) investigated the customer loyalty in the service sector in Malaysia. In this study, service quality was connected to trust and perceived valued, trust to loyalty, and perceived value to loyalty. Some of the findings they demonstrated were a significant impact of service quality on trust, and trust on loyalty.

Chou, Lu, and Chang (2014) focussed on the loyalty of high-speed passengers in Taiwan by using service quality and satisfaction to measure it. According to them, passengers had a concern on aspects of service quality including car cleanliness, neat appearance of employee, employee service attitude, comfort of air conditioning, and on-time performance. They found a significant effect of service quality on customer satisfaction and customer loyalty, as well as the effect of customer satisfaction on loyalty.

In the hotel industry, Saleem and Raja (2014) assessed the impact of service quality, customer satisfaction, and loyalty on brand image in a Pakistani setting. They found service quality to have a significant influence on customer satisfaction and loyalty, and customer satisfaction on loyalty.

Based on the discussion of the above literature, here are the hypotheses to be tested.

\[ H_1 \] Service quality will significantly affect customer satisfaction

\[ H_2 \] Service quality will significantly affect customer loyalty

\[ H_3 \] Service quality will significantly affect customer trust

1.1.2 Customer satisfaction, customer trust, and customer loyalty

Customer satisfaction is a great mantra for developing a customer loyalty. Therefore, managers work hard to satisfy customers. Particularly in service business, scholars have demonstrated the crucial effect of satisfaction towards customer loyalty, trust, attitude, purchase intention, and revisit intention (Chiou & Droge, 2006; Hazra & Srivastava, 2009; Lombart & Louis, 2014; Poku, Zakari, & Soali, 2013; Suhud & Wibowo, 2016). In this study, customer satisfaction is linked to customer trust and customer loyalty.

In a study undertaken by Lee, Moon, Kim, and Mun (2015), satisfaction was linked to customer trust and loyalty. This study was addressed to measure loyalty of the mobile phone users towards brands. Participants were university students and adult in Korea. The findings included a significant impact of satisfaction on trust and loyalty, as well as a significant impact of trust on loyalty.

Taking place in Turkey, Orel and Kara (2014) invited customer of a supermarket customers to be involved in their study. They linked service quality on customer satisfaction and loyalty. They found a significant impact of service quality on satisfaction and satisfaction on loyalty. In contrast, they failed showing a significant impact of service quality on loyalty.

Loyalty of customers towards a cosmetic product was studied by Veloutsou (2015) involving women participants in Scotland who experienced buying lipstick in certain period of time. This scholar selected brand evaluation, trust, satisfaction, and brand relationship as predictors. They showed all predictor variables significantly affected loyalty.

Further, Stathopoulou and Balabanis (2016) focussed on the customers of fashion retailers in the US. In this study, satisfaction and trust in the loyalty program were employed to predict store loyalty. They compared between customers who purchased in low and high-end stores. Although the findings indicated significant impact of satisfaction and trust on store loyalty, however, there was no significant between these two groups of samples.

A study took place in the banking industry was conducted by Khan and Fasih (2014a). In this study, service quality was represented by tangibles, reliability, assurance, and empathy. Further, service quality was linked to customer satisfaction and loyalty, and customer satisfaction was linked to loyalty. They found a significant impact of all dimensions of service quality unless tangibility on customer satisfaction. In addition, there was a significant impact of satisfaction on customer loyalty.
Therefore, the hypotheses that can be made to be tested are as follows.

\( H_4 \) – Customer satisfaction significantly affect customer loyalty

\( H_5 \) – Customer satisfaction significantly affect customer trust

1.1.3 Customer trust and customer loyalty

Prior studies mentioned trust affected customer satisfaction, loyalty, attitude, and purchase intention (Choi & La, 2013; Lombart & Louis, 2014; Martínez & del Bosque, 2013; Nguyen, Leclerc, & LeBlanc, 2013). In this study, trust is linked to customer loyalty.

Akbar and Parvez (2009) put customer satisfaction as a mediating variable. They found customer trust and satisfaction had a significant impact on customer loyalty. They also found a significant impact of service quality on customer satisfaction. Customer trust was also selected by Nguyen et al. (2013) to predict customer loyalty in the financial industry. Their study took place in Canada. They found a significant impact of trust on customer loyalty.

A Spanish study was conducted by Martínez and del Bosque (2013) to investigate the role of CSR on customer loyalty in hospitality companies. These scholars employed CSR, trust, customer identification, and satisfaction to predict loyalty. Some of the findings were a significant impact of trust on satisfaction and loyalty, and satisfaction on loyalty. Another study employed CSR was conducted by Choi and La (2013). In their study, CSR was connected to trust and loyalty. In addition, they linked satisfaction on CSR and trust, and trust on loyalty. They found that satisfaction significantly affected trust, and trust significantly affected loyalty.

Loyalty of customers relating to online shopping has been explored by Bilgihan (2016) by involving generation Y as participants. In his study, loyalty towards an online shop was measured using brand equity, flow, and trust. This scholar demonstrated loyalty was significantly influenced by trust. Further, in the banking industry, Amin, Isa, and Fontaine (2013) compared loyalty of Muslim and Non-Muslim customers of Islamic banks. To measure loyalty, these scholars employed satisfaction, image, and trust. They documented a significant impact of customer trust on loyalty between two groups of samples.

The author formulates a hypothesis to be tested as follows.

\( H \) – Trust will significantly affect customer loyalty

1.2 The theoretical framework

Based on the literature review above, the authors outline hypotheses and illustrate the proposed research model to be tested below.

![Theoretical framework diagram]

Figure 1. The theoretical framework

2 METHODS

2.1 Sample and data collection

Data was collected in 2015, in several barbershops in Karawaci, a developed area in Tangerang, the Province of Banten, Indonesia. These barbershops are dedicated for lower income consumers with approximately USD1 for a hair-cut service. Participants were all male who visited those barbershops and approached conveniently. They were asked to fill out a self-administered instrument. All collected instruments were usable.

2.2 Measures

For validation purpose, indicators from prior studies were adapted. To measure trust, indicators from Auh (2005) and Sari (2007) were adapted. Further, service quality was measured adapting indicators from Rinanda (2013) and Chow et al. (2012). In addition, customer satisfaction was measured adapting indicators taken from Chow et al. (2012), Sari (2007) and Lustinayanti (2011). Lastly, indicators from Auh (2005), Chow et al. (2012), Rinanda (2013), and Sari (2007) were adapted to measure customer loyalty. The indicators were translated into Bahasa Indonesia and measured using a five-point Likert’s scale ranging from 1 for strongly disagree to 5 for strongly agree.

2.3 Data analysis

Data were analysed in three stages. The first stage was conducting exploratory factor analysis (EFA) to form dimensions of each variable. For the EFA calculation, the authors limited only considered indicators with loadings of 0.4 and greater. Therefore, number of participants should be 200 or larger (Hair Jr., Black, Babin, Anderson, & Tatham, 2006). Further, a reliability test was conducted. Constructs with a score of 0.7 and greater was included for further analysis (Hair Jr. et al., 2006). However, construct with a score less
than 0.7 would also be included. The next stage was conducting structural equation model to assess the theoretical framework model. The fitted model is expected to have a probability score of 0.05 (Schermelleh-Engel, Moosbrugger, & Müller, 2003), CMIN/DF score of ≤ 2 (Tabachnick & Fidell, 2007), CFI score of ≥ 0.97 (Hu & Bentler, 1995), and RMSEA score of ≤ 0.05 (Hu & Bentler, 1999).

3 RESULTS AND DISCUSSION

3.1 Participants

In total, 200 male participants involved in this current study. Regarding the age, the majority of participants were in the range of 21-30 years (120 participants; 60%), less than 20 years old (37 participants; 18.5%), between 31-40 years (24 participants; 12%), and 40 years old and older (19 participants; 9.5%). Predominantly, participants were students (114 participants; 57%), followed by employees (36 participants; 18%), self-employed (25 participants; 12.5%), and others.

3.2 Exploratory factor analysis and reliability test

In total, exploratory factor analysis produced seven factors including trust with two dimensions. The first dimension consisted of seven indicators with a Cronbach’s alpha score of 0.903 and the second dimension consisted of three indicators with a Cronbach’s alpha score of 0.850. Further, service quality formed two dimensions. The first dimension possessed nine indicators with a Cronbach’s alpha score of 0.881 and the second dimension had four indicators with a Cronbach’s alpha score of 0.738. Additionally, customer satisfaction had two dimensions. The first dimension sustained three indicators with a Cronbach’s alpha score of 0.645 and the second dimension had six indicators with a Cronbach’s alpha score of 0.931. Lastly, customer loyalty survived three indicators with a Cronbach’s alpha score of 0.733. All construct had a Cronbach’s alpha score greater than 0.6, and they were considered reliable for further analysis.

Table 1: Result of exploratory factor analysis

<table>
<thead>
<tr>
<th>Factor loadings</th>
<th>Trust (1) (α= 0.903)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T9</td>
<td>The attitude of the barbershop employee I used to visit provoked my trust in the barbershop service</td>
</tr>
<tr>
<td>T8</td>
<td>I rely on barbershop that I can visit</td>
</tr>
<tr>
<td>T7</td>
<td>I believe in the barbershop I used to visit</td>
</tr>
<tr>
<td>T10</td>
<td>I feel safe carrying goods to the barbershop I used to visit</td>
</tr>
<tr>
<td>T2</td>
<td>I believe the regular barbershop employee I visit can be relied upon in terms of hair care</td>
</tr>
<tr>
<td>Service quality (1) (α= 0.881)</td>
<td></td>
</tr>
<tr>
<td>S14</td>
<td>The employees of the barbershop I regularly visit are patient</td>
</tr>
<tr>
<td>S1</td>
<td>The barbershop I regularly visit gave me a good impression of service at my first visit</td>
</tr>
<tr>
<td>S11</td>
<td>The employees of the barbershop I regularly visit are the polite in serving customers</td>
</tr>
<tr>
<td>S13</td>
<td>The employees of the barbershop I regularly visit are warm in serving customers</td>
</tr>
<tr>
<td>S6</td>
<td>The barbershop employee I used to pay the customer well</td>
</tr>
<tr>
<td>S10</td>
<td>The barbershop employee I used to visit treated all his customers the same</td>
</tr>
<tr>
<td>S2</td>
<td>The Barbershop I used to visit prioritizes error-free service</td>
</tr>
<tr>
<td>S4</td>
<td>The barbershop employee I used to visit has a good skill in explaining the options of hair guards</td>
</tr>
<tr>
<td>S5</td>
<td>The usual barbershop clerk I visited provided quick service to the customer</td>
</tr>
<tr>
<td>Trust (2) (α= 0.850)</td>
<td></td>
</tr>
<tr>
<td>T1</td>
<td>I believe that the barbershop I used to visit provides the best service to its customers</td>
</tr>
<tr>
<td>T3</td>
<td>I believe that the barbershop employee I used to visit was able to fulfill my request</td>
</tr>
<tr>
<td>T5</td>
<td>The barbershop parties I used to visit always try to understand the opinions of their customers</td>
</tr>
<tr>
<td>Customer satisfaction (1) (α= 0.645)</td>
<td></td>
</tr>
<tr>
<td>C2</td>
<td>Barbershop that I used to visit provide a comfortable waiting room so that customers are satisfied with the waiting time while waiting for their turn</td>
</tr>
<tr>
<td>C5</td>
<td>I am satisfied with all the processes that are in the barbershop that I used to visit from start to finish</td>
</tr>
<tr>
<td>C7</td>
<td>I am satisfied with the regular barbershop I visit</td>
</tr>
<tr>
<td>Customer satisfaction (2) (α= 0.931)</td>
<td></td>
</tr>
<tr>
<td>C8</td>
<td>I am happy with the barbershop I regularly visit</td>
</tr>
<tr>
<td>C6</td>
<td>I have a good opinion about the barbershop I regularly visit</td>
</tr>
<tr>
<td>C9</td>
<td>I have a positive thought about the barbershop I regularly visit</td>
</tr>
<tr>
<td>C4</td>
<td>In general, I am satisfied with the service given by the barbershop</td>
</tr>
<tr>
<td>C1</td>
<td>I am satisfied with the barbershop I regularly visit for the price according quality</td>
</tr>
<tr>
<td>C3</td>
<td>The barbershop I regularly visit is easy to be accessed</td>
</tr>
<tr>
<td>Customer loyalty (α= 0.733)</td>
<td></td>
</tr>
<tr>
<td>L5</td>
<td>I will try to do more than one type of hair care in the barbershop I used to visit</td>
</tr>
<tr>
<td>L4</td>
<td>I will come revisiting the barbershop I regularly visit although the tariff increases will come revisiting the barbershop I regularly visit although the tariff increases</td>
</tr>
<tr>
<td>L8</td>
<td>I will be loyal using the service of the barbershop I regularly visit</td>
</tr>
<tr>
<td>Service quality (2) (α= 0.738)</td>
<td></td>
</tr>
</tbody>
</table>
**3.3 Hypotheses testing**

Figure 2 was the result of structural equation model. This model achieved a fitness with a C.R. score of 0.052 and CMIN/DF score of 1.228. Besides, it had a CFI score of 0.984 and RMSEA score of 0.034. Service quality survived five of 13 indicators, and customer satisfaction had two dimensions with three and two indicators respectively. Further, customer trust sustained four of ten indicators, and customer loyalty had three indicators.

Table 2 shows the results of hypotheses testing. All path tested had a C.R. scores greater than 1.96. They indicated significances, and therefore, all hypotheses were accepted.

Table 2 The result summary of hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>SQ → CS</th>
<th>SQ → CL</th>
<th>SQ → CT</th>
<th>CS → CL</th>
<th>CS → CT</th>
<th>CT → CL</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>2.502</td>
<td>3.668</td>
<td>3.454</td>
<td>2.497</td>
<td>2.952</td>
<td>2.786</td>
</tr>
<tr>
<td>H2</td>
<td>0.012</td>
<td>***</td>
<td>***</td>
<td>0.013</td>
<td>0.003</td>
<td>0.005</td>
</tr>
</tbody>
</table>

**3.4 Discussion**

Every business will find its market and service quality to be an important keyword even in a micro-shave business as in the case studied in the current study. Although paying very cheap for each time comes, the visitors still demand to get good service from the barbershop they visit. This study found that service quality significantly affects customer satisfaction, customer loyalty, and customer trust. The first hypothesis predicted the effect of service quality and customer satisfaction. This path had a C.R. score of 2.502. This finding was significant with existing studies (Akbar & Parvez, 2009; Chou et al., 2014; Khan & Fasih, 2014a; Orel & Kara, 2014). Further, the second hypothesis predicted the influence of service quality and customer loyalty. This study found a C.R. score of 0.628 of this path. Therefore, H2 was accepted. Prior studies documented the same finding (Chou et al., 2014; Orel & Kara, 2014; Saleem & Raja, 2014). In addition, the third hypothesis assumed the impact of service quality and customer trust. With a C.R. score of 0.503, the path indicated significance, and therefore, H3 is accepted. The finding supports prior studies (Hidayat et al., 2015; Rasheed & Abadi, 2014).

If the service quality as a keyword in the success of the shaving business, another keyword that should be considered important is customer satisfaction. As in many other business categories, customer satisfaction, in this case, can lead to changes in customer loyalty and customer trust. The more satisfied a customer becomes, the more loyalty he will be and trust him to the barbershop he continuously visits. The fourth hypothesis predicted the impact of customer satisfaction on customer loyalty. The path owned a C.R. score of 0.439, and it was significance. This finding is in line with existing studies (Khan & Fasih, 2014a; Lee et al., 2015; Orel & Kara, 2014; Stathopoulou & Balabanis, 2016; Veloutsou, 2015). Further, the fifth hypothesis predicted the influence of customer satisfaction on customer trust. According to prior studies (Choi & La, 2013; Lee et al., 2015), customer satisfaction would have a significant effect on customer trust. This prior study is relevant with the finding of this current study. The path had a C.R. score of 0.431 showing H6 was accepted.

The visitor comes to a barbershop and hands his head touched; his hair is cut, his whiskers and beard are cleansed. What would happen if the customers did not trust the barber he was visiting? The barbers who work at barbershop-barbershop are mostly young and low-educated. However, their skill in cutting hair cannot be doubted. Of course, this applies only to standard pieces that do not require complex and modern cutting techniques. However, as written at the beginning of this paper, some young barbers will be happy to develop their skills to master the latest cutting techniques. Consequently, customers judge that dropping trust in these barbers is not something wrong. Proven,
customer trust can affect customer loyalty. In this case, based on the structural model calculation, this path owned a C.R. score of 0.285. This finding supports prior studies (Akbar & Parvez, 2009; Amin et al., 2013; Bilgihan, 2016; Choi & La, 2013; Martinez & del Bosque, 2013; Nguyen et al., 2013; Rasheed & Abadi, 2014; Veloutsou, 2015).

4 CONCLUSION

This study aimed to measure the impact of service quality, customer satisfaction, and customer trust on customer loyalty. This study found a significant impact of service quality on customer satisfaction, customer trust, and customer loyalty. Besides, there was a significant impact of customer satisfaction on customer trust and customer loyalty. Additionally, there was a significant impact of customer trust on customer loyalty. Theoretically, customer loyalty of a barbershop can be relevant with customer loyalty in other settings including restaurants, hotels, banks, and shops and online shops.

Looking at the frequency of visit, most of the participants had visited the barbershop one to twice. The author considers one of the limitations of this study is lack of participants screening. As this study was to measure loyalty, it should involve only participants with more than three times visit or more to the barbershops. In other word, this study should employ revisit intention as the predicted variable instead of customer loyalty.

Noticing the two limitations mentioned above, future study is expected to test the theoretical framework by recruiting only participants who have visited barbershops three times or more. This approach can be expected obtaining a better result in measuring customer loyalty of a $1 barbershop. Besides, globally, there is a limited study focussing on barbershop customer behaviour. By exploring this, it would contribute much to the literature of this particular area.

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