

The Impact of Service Quality on Customer Loyalty

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ABSTRACT

This research explores how quality of service affects customer loyalty in the coffee shops located in Poblacion, Tagoloan, Misamis Oriental. As coffee shops gain more popularity and face tougher competition, customer loyalty has become a crucial factor for business survival. This study focuses on five key aspects of service quality: tangibility, reliability, responsiveness, assurance, and empathy. Using a descriptive-quantitative research design, the researchers gathered data from 344 regular customers across five selected coffee shops in the area. Respondents were selected through stratified random sampling, and data were collected using a well-organized questionnaire. Results were examined using weighted mean, Pearson correlation, and multiple regression analysis. The findings revealed that all five dimensions of service quality were rated as highly influential by customers. Among them, empathy had the strongest impact on customer loyalty, followed by assurance. This means that customers are more likely to remain loyal when they feel genuinely cared for and when they trust the individuals providing them with service. Although tangibility was rated the lowest among the five dimensions, it still contributed positively to the customer experience. The study also found a strong positive correlation between overall service quality and customer loyalty. This proves that when service is consistently excellent, customer loyalty is strengthened. The researchers recommend that coffee shop owners and employees focus on improving customer interactions, especially through empathetic and trustworthy service. Personalized service, continuous staff training, and the implementation of loyalty programs may help increase customer retention and business growth. Future research may investigate additional factors that could impact consumer behavior, such as pricing, convenience, or product quality.

INTRODUCTION

Customer loyalty plays a significant role in sustaining business operations, particularly in highly competitive industries such as the coffee shop sector. Establishing loyal customer relationships ensures repeated patronage and contributes to long-term profitability. One of the primary factors that influences customer loyalty is service quality, which encompasses the overall customer experience during service encounters. The SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988) identifies five critical dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. These dimensions are considered essential indicators of how customers evaluate service performance. According to Oliver (1999), customer satisfaction, derived from perceived service quality, significantly contributes to the development of loyalty.

Recent studies support the notion that interpersonal interactions influence customer retention. For instance, Yeong et al. (2022) emphasized that empathy and assurance significantly affect customer trust and loyalty in the hospitality industry. Bove (2019) also found that emotionally intelligent service staff enhance customer satisfaction and foster lasting loyalty. Furthermore,

Dokcen et al. (2021) highlighted the role of tangibility, such as a clean and organized environment, in creating a favorable impression and increasing customer commitment. Anchored in the SERVQUAL framework and Oliver's Satisfaction–Loyalty Theory, this study aims to assess the relationship between service quality and customer loyalty among selected customers of coffee shops in Poblacion, Tagoloan, Misamis Oriental. By identifying which dimensions of service quality most significantly influence loyalty, the study seeks to provide relevant insights for business owners, service personnel, and future researchers.

MATERIALS AND METHODS

The researchers employed a descriptive-quantitative research design. A total of 344 regular coffee shop customers from five different establishments in Poblacion, Tagoloan, were selected using stratified random sampling. Data were collected via a structured survey questionnaire, validated and tested for reliability (Cronbach's $\alpha \geq 0.90$ across all scales). The instrument assessed five dimensions of service quality and measured customer loyalty. Data analysis involved weighted mean, Pearson correlation, and multiple linear regression to determine relationships and significant predictors of customer loyalty.

RESULTS AND DISCUSSION

1. How do respondents assess service quality in terms of:

1.1 Tangibility;

1.2 Reliability;

1.3 Responsiveness;

1.4 Assurance; and

1.5 Empathy?

Table 1. Respondents Assess Service Quality in Terms of Tangibility

| Indicators | Mean | SD | Description | Interpretation |
|---|--------------|--------------|----------------|-------------------------------|
| I like how clean the coffee shop is. | 3.163 | 1.050 | Agree | Moderately Influential |
| I find the coffee shop aesthetically pleasing. | 3.183 | 0.933 | Agree | Moderately Influential |
| I am satisfied with how well the furniture is maintained. | 2.969 | 1.126 | Agree | Moderately Influential |
| I admire how presentable the staff looks. | 3.220 | 0.923 | Agree | Moderately Influential |
| I find the lighting inside the coffee shop comfortable. | 3.176 | 0.909 | Agree | Moderately Influential |
| I enjoy the feel of the coffee shop's cups. | 3.414 | 0.669 | Strongly Agree | Highly Influential |
| I like how well-arranged the decorations are in the coffee shop. | 3.353 | 0.668 | Strongly Agree | Highly Influential |
| I feel comfortable with the layout of the coffee shop. | 3.217 | 0.719 | Agree | Moderately Influential |
| The service-related materials (e.g., posters, booklets) are visually appealing. | 3.203 | 0.820 | Agree | Moderately Influential |
| I find the overall cleanliness of the coffee shop impressive. | 3.278 | 0.736 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.218 | 0.855 | Agree | Moderately Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

Table 1 shows the respondents' assessment of service quality regarding Tangibility within the coffee shop. The data revealed an average mean of 3.218 with a standard deviation of 0.855, which was described as "Agree" and interpreted as "Moderately Influential." The top-ranked statement reads, "I enjoy the feel of the coffee shop's cups" (Mean = 3.414, SD = 0.669), which was marked as "Strongly Agree," signifying a major impact. Meanwhile, the lowest-rated

indicator is "I am satisfied with how well the furniture is maintained" (Mean = 2.969, SD = 1.126), described as "Agree" but interpreted as "Moderately Influential."

The researchers interpreted the results on tangibility as an indication that customers were generally pleased with the physical environment of the coffee shops. However, the lower score on furniture maintenance suggested that physical appearance, while important, was secondary to other service elements. The researchers asserted that tangibility played a foundational role in shaping first impressions and influencing customers' satisfaction. While the physical environment received moderate ratings overall, the results highlighted a need to enhance maintenance and design aspects to elevate customer perception further.

Table 2. Respondents Assess Service Quality in Terms of Reliability

| Indicators | Mean | SD | Description | Interpretation |
|---|-------------|-------------|-----------------------|---------------------------|
| I can rely on the coffee shop to provide consistent service. | 3.53 | 0.60 | Strongly Agree | Highly Influential |
| I trust the staff to be knowledgeable about the products. | 3.47 | 0.62 | Strongly Agree | Highly Influential |
| I always receive high-quality coffee from the coffee shop. | 3.42 | 0.67 | Strongly Agree | Highly Influential |
| I believe the coffee shop maintains proper records. | 3.43 | 0.62 | Strongly Agree | Highly Influential |
| I trust the coffee shop to provide accurate information. | 3.40 | 0.67 | Strongly Agree | Highly Influential |
| I can rely on the coffee shop to serve my order within a reasonable time. | 3.40 | 0.66 | Strongly Agree | Highly Influential |
| I received my order exactly as requested. | 3.44 | 0.61 | Strongly Agree | Highly Influential |
| I experience the same level of service regardless of which staff member assists me. | 3.39 | 0.68 | Strongly Agree | Highly Influential |
| I trust the coffee shop to deliver on its promises. | 3.41 | 0.60 | Strongly Agree | Highly Influential |
| I expect my favorite drink to taste the same every time. | 3.43 | 0.67 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.43 | 0.64 | Strongly Agree | Highly Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

The data in Table 2 show the respondents' assessments of service quality regarding reliability in the coffee shop. The data revealed an average mean of 3.43 with a standard deviation of 0.64, which was described as "Strongly Agree" and interpreted as "Highly Influential." The highest-rated indicator was "I can rely on the coffee shop to provide consistent service" (Mean = 3.53, SD = 0.60), described as "Strongly Agree" and interpreted as "Highly Influential." Additionally, the lowest-rated indicator was "I experience the same level of service regardless of which staff member assists me" (Mean = 3.39, SD = 0.68), still described as "Strongly Agree" and interpreted as "Highly Influential." This indicated that while customers generally trusted the coffee shop's service reliability, there were slight variations in the quality of service offered by various staff members.

The researchers emphasized that reliability was a vital service quality dimension that cultivated customer trust. Therefore, reliability strengthened the business's reputation, which was vital for sustained loyalty.

Table 3 shows the respondents' assessment concerning service quality in relation to Responsiveness within the coffee shop. The data revealed an average mean of 3.41 with a standard deviation of 0.64, which was considered "strongly agree" and interpreted as "highly influential." These findings suggested that customers perceived the coffee shop's staff as highly responsive, emphasizing their attentiveness, promptness, and

willingness to assist. The highest-rated indicator is "I receive prompt responses when I make a request" (Mean = 3.48, SD = 0.58), described as "strongly agree" and interpreted as "highly influential." This suggested that customers valued the efficiency of the staff in addressing their requests, reinforcing their trust in the service provided. Research by Lovelock and Wirtz (2021) highlighted that quick response times enhanced customer perceptions of service quality and contributed to the overall experience.

Table 3. Respondents Assess Service Quality in Terms of Responsiveness

| Indicators | Mean | SD | Description | Interpretation |
|--|-------------|-------------|-----------------------|---------------------------|
| I receive prompt responses when I make a request. | 3.48 | 0.58 | Strongly Agree | Highly Influential |
| I feel that staff members pay attention to my needs. | 3.39 | 0.65 | Strongly Agree | Highly Influential |
| I experience staff members making an extra effort to assist me. | 3.36 | 0.63 | Strongly Agree | Highly Influential |
| I receive timely updates from staff when I ask about new menu items, special offers, or service changes. | 3.40 | 0.65 | Strongly Agree | Highly Influential |
| When I ask questions or share concerns, staff take the time to respond, even when they are busy. | 3.39 | 0.67 | Strongly Agree | Highly Influential |
| When I need assistance, staff respond in a way that makes me feel they genuinely enjoy helping me. | 3.44 | 0.62 | Strongly Agree | Highly Influential |
| When I inquire about product availability, staff provide an answer without delay. | 3.38 | 0.66 | Strongly Agree | Highly Influential |
| I can rely on staff to address my service requests without unnecessary waiting. | 3.42 | 0.63 | Strongly Agree | Highly Influential |
| I receive quick responses from staff whenever I need information. | 3.46 | 0.65 | Strongly Agree | Highly Influential |
| I get a timely response from staff regardless of how I contact them. | 3.33 | 0.63 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.41 | 0.64 | Strongly Agree | Highly Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

Moreover, the lowest-rated indicator was "I get a timely response from staff regardless of how I contact them" (Mean = 3.33, SD = 0.63), still described as "strongly agree" and interpreted as "highly influential." This suggested that while customers generally appreciated the staff's responsiveness, there were slight inconsistencies in response time depending on the mode of communication used. According to Wu et al. (2019), seamless and efficient communication across multiple customer touchpoints was essential for maintaining high service satisfaction levels.

The researchers recognized that responsiveness significantly contributed to customer satisfaction by ensuring that services were delivered promptly and attentively. The data suggested that customers appreciated the speed and enthusiasm shown by staff in addressing their needs. However, the researchers acknowledged that slight inconsistencies in communication may have affected perceived responsiveness.

The data in Table 4 shows the respondents' assessment of service quality in relation to Assurance within the coffee shop. The data revealed an average mean of 3.40 with a standard deviation of 0.66, which was described as "strongly agree" and interpreted as "highly influential." These findings indicated that customers have a significant level of trust and confidence in the coffee shop's services, environment, and staff.

The highest-rated indicator was "I trust the coffee shop to provide a safe environment" (Mean = 3.56, SD = 0.60), identified as "Strongly Agree" and assessed as "Highly Influential." While, the lowest-rated indicator was "The coffee shop genuinely cares about my experience" (Mean = 3.30, SD = 0.75), still described as "strongly agree" and interpreted as "highly influential."

This indicated that while customers generally felt valued, there was always a room for improvement in personalized service and customer engagement.

Table 4. Respondents Assess Service Quality in Terms of Assurance

| Indicators | Mean | SD | Description | Interpretation |
|--|-------------|-------------|-----------------------|---------------------------|
| I trust the coffee shop to provide a safe environment. | 3.56 | 0.60 | Strongly Agree | Highly Influential |
| I feel confident in the quality of their products. | 3.47 | 0.60 | Strongly Agree | Highly Influential |
| The coffee shop is committed to providing excellent service. | 3.46 | 0.59 | Strongly Agree | Highly Influential |
| The coffee shop genuinely cares about my experience. | 3.30 | 0.75 | Strongly Agree | Highly Influential |
| The staff are trustworthy. | 3.41 | 0.63 | Strongly Agree | Highly Influential |
| The staff members are courteous to the customer. | 3.37 | 0.70 | Strongly Agree | Highly Influential |
| The staff gave the customers confidence. | 3.38 | 0.67 | Strongly Agree | Highly Influential |
| The staff members are well-trained. | 3.35 | 0.67 | Strongly Agree | Highly Influential |
| I feel secure using the services offered by the coffee shop. | 3.39 | 0.68 | Strongly Agree | Highly Influential |
| I would recommend this coffee shop to others. | 3.35 | 0.74 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.40 | 0.66 | Strongly Agree | Highly Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

The researchers interpreted the high assurance scores as a strong indicator of customer confidence in the coffee shop's staff and services. The results suggested that assurance not only builds trust but also enhances emotional attachment to the brand.

Table 5. Respondents Assess Service Quality in terms of Empathy

| Indicators | Mean | SD | Description | Interpretation |
|--|-------------|-------------|-----------------------|---------------------------|
| The staff members show genuine concern for my needs. | 3.56 | 0.64 | Strongly Agree | Highly Influential |
| The staff members are friendly. | 3.49 | 0.62 | Strongly Agree | Highly Influential |
| The staff truly gets what I need. | 3.57 | 0.59 | Strongly Agree | Highly Influential |
| The staff goes above and beyond to make me happy. | 3.49 | 0.63 | Strongly Agree | Highly Influential |
| The staff are attentive to my unique needs. | 3.41 | 0.61 | Strongly Agree | Highly Influential |
| I feel like I'm the only guest that matters. | 3.33 | 0.63 | Strongly Agree | Highly Influential |
| The staff members are always eager to assist. | 3.43 | 0.66 | Strongly Agree | Highly Influential |
| I feel completely at ease in this coffee shop. | 3.48 | 0.63 | Strongly Agree | Highly Influential |
| Staff members make me feel valued as a customer. | 3.47 | 0.60 | Strongly Agree | Highly Influential |
| Staff members are aware of my feelings. | 3.35 | 0.73 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.46 | 0.63 | Strongly Agree | Highly Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

Table 5 presents the respondents' assessment of service quality in terms of Empathy within the coffee shop. The data reveals an average mean of 3.46 with a standard deviation of 0.63, which is described as "Strongly Agree" and interpreted as "Highly Influential." The highest-rated indicator is "The staff truly gets what I need" (Mean = 3.57, SD = 0.59), described as "Strongly Agree" and interpreted as "Highly Influential." Furthermore, the lowest-rated indicator is "I

feel like I'm the only guest that matters" (Mean = 3.33, SD = 0.63), still described as "Strongly Agree" and interpreted as "Highly Influential." This suggests that while customers generally feel valued, there may be opportunities for the coffee shop to enhance personalization and one-on-one engagement.

The researchers emphasize that empathy is the most critical driver of customer loyalty. This finding underscores the importance of cultivating a customer-centric culture that prioritizes authentic, empathetic interaction. Coffee shop owners should integrate empathy into their service philosophy to create more meaningful customer experiences.

2. What is the level of customer loyalty in coffee shops?

Table 6. Level of Customer Loyalty in Coffee Shop

| Indicators | Mean | SD | Description | Interpretation |
|---|-------------|-------------|-----------------------|---------------------------|
| I frequently visit this coffee shop because I am satisfied with the quality of service. | 3.54 | 0.59 | Strongly Agree | Highly Influential |
| I intend to repurchase from this coffee shop. | 3.45 | 0.60 | Strongly Agree | Highly Influential |
| It is likely that I will choose this coffee shop again in the future. | 3.38 | 0.67 | Strongly Agree | Highly Influential |
| This coffee shop is my first choice when I want to buy coffee. | 3.36 | 0.70 | Strongly Agree | Highly Influential |
| I would continue buying from this coffee shop even if another shop offered a similar product. | 3.43 | 0.62 | Strongly Agree | Highly Influential |
| I find that this coffee shop meets my expectations on each visit. | 3.47 | 0.59 | Strongly Agree | Highly Influential |
| I feel confident that I will buy from this coffee shop regularly. | 3.40 | 0.66 | Strongly Agree | Highly Influential |
| This coffee shop offers enough value for money to keep me coming back. | 3.45 | 0.61 | Strongly Agree | Highly Influential |
| I am likely to buy from this coffee shop even if prices increase slightly. | 3.38 | 0.66 | Strongly Agree | Highly Influential |
| I choose this coffee shop over others because of its reliability. | 3.37 | 0.60 | Strongly Agree | Highly Influential |
| I am very likely to recommend this coffee shop to others. | 3.43 | 0.68 | Strongly Agree | Highly Influential |
| I feel emotionally connected to this coffee shop's brand. | 3.35 | 0.72 | Strongly Agree | Highly Influential |
| I would feel disappointed if this coffee shop were no longer in business. | 3.37 | 0.70 | Strongly Agree | Highly Influential |
| I am likely to leave a positive review about this coffee shop online. | 3.41 | 0.65 | Strongly Agree | Highly Influential |
| I trust that this coffee shop understands my preferences. | 3.43 | 0.63 | Strongly Agree | Highly Influential |
| I consider myself loyal to this coffee shop over other options. | 3.39 | 0.66 | Strongly Agree | Highly Influential |
| I am satisfied with the overall experience provided by this coffee shop. | 3.48 | 0.62 | Strongly Agree | Highly Influential |
| I would rate my loyalty to this coffee shop as high. | 3.38 | 0.65 | Strongly Agree | Highly Influential |
| I prefer this coffee shop over other similar coffee shops. | 3.40 | 0.67 | Strongly Agree | Highly Influential |
| I would participate in a loyalty or rewards program if offered by this coffee shop. | 3.40 | 0.66 | Strongly Agree | Highly Influential |
| AVERAGE MEAN | 3.41 | 0.65 | Strongly Agree | Highly Influential |

Legend: 1.00-1.75 Strongly Disagree (Not Influential), 1.76-2.50 Disagree (Less Influential), 2.51-3.25 Agree (Moderately Influential), 3.26-4.00 Strongly Agree (Highly Influential)

Table 6 presents the respondents' assessment of their Level of Customer Loyalty toward the coffee shop. The data reveals an average mean of 3.41 with a standard deviation of 0.65, which

is described as "Strongly Agree" and interpreted as "Highly Influential." These findings suggest that customers demonstrate strong loyalty to the coffee shop, frequently returning due to their satisfaction with service quality, product reliability, and brand trust.

The highest-rated indicator is "I frequently visit this coffee shop because I am satisfied with the quality of service" (Mean = 3.54, SD = 0.59), described as "Strongly Agree" and interpreted as "Highly Influential." This suggests that customers' loyalty is primarily driven by the consistent and high-quality service they receive. Whereas, the lowest-rated indicator is "I feel emotionally connected to this coffee shop's brand" (Mean = 3.35, SD = 0.72), still described as "Strongly Agree" and interpreted as "Highly Influential."

The researchers recognize the high levels of customer loyalty observed, though they note that strengthening the emotional brand connection could further enhance loyalty. This insight is corroborated by the study of Wahyudin and Hadiyati (2023), who found that customer satisfaction significantly impacts loyalty, and that enhancing perceived service quality and value can lead to stronger customer commitment.

3. Is there a significant relationship between the level of service quality and customer loyalty in coffee shops?

Table 7. The Test of Significant Relationship Between Level of Service Quality and Customer Loyalty in Coffee Shop

| | Customer Loyalty | | |
|--|------------------|---------|----------------|
| | r-value | p-value | Decision on Ho |
| Service Quality | .691 | .000 | Rejected |
| <i>Significant if P-value < 0.05</i> | | | |
| <i>Legend: Ho is rejected if Significant</i> | | | |
| <i>Ho is accepted if Not Significant</i> | | | |

Table 7 presents the test of a significant relationship between Service Quality and Customer Loyalty in coffee shops. The computed r-value of 0.691 indicates a strong positive correlation between the two variables. This suggests that as service quality improves, customer loyalty also increases. The p-value of 0.000, which is less than the standard significance level of 0.05, confirms that the relationship is statistically significant. As a result, the null hypothesis (Ho) is rejected, indicating that service quality has a significant influence on customer loyalty. These findings align with previous research emphasizing the crucial role of service quality in fostering customer retention and brand loyalty.

The strong correlation between service quality and customer loyalty highlights the importance of continuous improvement in customer service strategies. Coffee shop owners and managers should focus on maintaining cleanliness, ensuring prompt service, and enhancing staff professionalism to reinforce positive customer experiences. Moreover, implementing customer engagement initiatives, such as loyalty programs and personalized service, could further strengthen brand commitment and long-term patronage.

The researchers conclude that the statistically significant positive correlation between service quality and customer loyalty validates the study's central hypothesis. This relationship confirms that strategic improvements in service quality directly impact customer retention. Consequently, continuous evaluation and enhancement of service delivery should be a key managerial priority to sustain and strengthen customer loyalty over time.

4. Which among the service quality dimensions highly impacts customers' loyalty?

Table 8. The Test of Regression among Service Quality Dimensions on Coffee Shop Highly Affects Customer's Loyalty

| Predictors | Unstandardized Coefficients | | Stand Coeff | F-value | p-value | Decision on Ho |
|----------------|-----------------------------|-------|-------------|---------|---------|----------------|
| | B | SE | | | | |
| (Constant) | .257 | 0.151 | | 1.701 | 0.000 | |
| Tangibility | .058 | 0.033 | 0.074 | 1.767 | 0.000 | Significant |
| Reliability | .145 | 0.054 | 0.140 | 2.680 | 0.000 | Significant |
| Responsiveness | .014 | 0.055 | 0.015 | .262 | 0.000 | Significant |
| Assurance | .302 | 0.53 | 0.305 | 5.660 | 0.000 | Significant |
| Empathy | .394 | 0.50 | 0.404 | 7.912 | 0.000 | Significant |

Significant if P-value < 0.05

Note: Adjusted R² = 0.619 ANOVA for Regression: F = 96.490, p = .00

Table 8 presents the results of a regression analysis examining the impact of various service quality dimensions on customer loyalty in coffee shops. The F-value of 96.490 and the p-value of 0.000 indicate that the overall regression model is statistically significant, confirming that the combined influence of tangibility, reliability, responsiveness, assurance, and empathy meaningfully contributes to variations in customer loyalty. The Adjusted R² value of 0.619 suggests that approximately 61.9% of the variance in customer loyalty can be explained by these five dimensions of service quality. The regression coefficients show that all five factors significantly influence customer loyalty, as evidenced by their p-values all being below the 0.05 threshold.

Among them, Empathy (B = 0.394, p = 0.000) emerged as the most influential factor, implying that customers are more likely to remain loyal when they perceive staff to be caring, attentive, and understanding of their individual needs. This emphasizes the emotional bond between customers and service providers. Assurance (B = 0.302, p = 0.000) followed closely, highlighting that trust and confidence in service personnel play a crucial role in reinforcing customer loyalty. Reliability (B = 0.145, p = 0.000) and Tangibility (B = 0.058, p = 0.000) also showed significant effects, though comparatively smaller, indicating that consistent service performance and a well-maintained physical environment still contribute positively to loyalty. Responsiveness (B = 0.014, p = 0.000) had the smallest but still significant impact, suggesting that timely service, while essential, may be less impactful than emotional connection and trust. These findings are consistent with recent literature emphasizing the dominant role of interpersonal service elements in influencing customer loyalty.

The regression analysis demonstrates that empathy and assurance are the most critical dimensions of service quality in driving customer loyalty. These results highlight the value of emotionally intelligent service and trust-based interactions in the coffee shop setting. Based on these findings, the researchers assert that prioritizing employee competencies in empathy, sincerity, and customer care—alongside ensuring reliable and presentable service environments—can effectively foster long-term loyalty. Enhancing these human-centered service dimensions should be regarded as a strategic focus for sustainable customer relationship management.

Exhaustive Discussion

The study investigated the relationship between service quality and customer loyalty among regular coffee shop customers in Poblacion, Tagoloan. The findings showed that service quality dimensions, particularly empathy and assurance, play a significant role in influencing customer loyalty. Customers expressed greater loyalty when they felt understood, respected, and

professionally treated. Tangibility, while still relevant, was found to have the least influence on loyalty. This suggests that customers do not base their loyalty on visual appeal alone but on how the service makes them feel.

The statistical analysis confirmed a strong positive relationship between overall service quality and loyalty, which is consistent with existing theories and research. These findings support the idea that quality service creates lasting customer relationships, which are crucial in today's competitive marketplace.

Coffee shop owners are encouraged to invest in staff training programs that emphasize customer empathy and assurance. Service personnel should be skilled in communicating with customers, solving problems effectively, and creating a warm and welcoming environment. These strategies are essential in achieving customer satisfaction and loyalty.

CONCLUSION

The study concludes that there is a significant relationship between service quality and customer loyalty. Empathy and assurance were identified as the most influential service quality dimensions, while tangibility had the least effect. The study highlights that the emotional and interpersonal aspects of service are critical in developing customer loyalty. The results also confirmed that as service quality improved, customer loyalty increased. A clean and visually appealing environment, reliable service, and responsive staff contributed to a positive customer experience. Coffee shops prioritizing continuous improvement in these areas were more likely to retain their customers despite competition.

Therefore, the level of service provided played a key role in influencing customer loyalty in coffee shops. Businesses that invested in improving customer experience—enhancing staff training, ensuring service consistency, and fostering meaningful interactions—were able to build lasting relationships with their customers. By prioritizing empathy, assurance, and overall service excellence, coffee shops created a loyal customer base, increased personal endorsements, and secured enduring accomplishments within a highly contested industry landscape.

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