

# EFFECTS OF PRODUCT QUALITY, SERVICE QUALITY AND PRICE FAIRNESS ON CUSTOMER ENGAGEMENT AND CUSTOMER LOYALTY

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## Abstract

This paper examines the key relationship effects between the customer perceived value dimensions: product quality, service quality and price fairness on customer engagement in a holistic model, using structural equation modeling. Further, the study evaluated the direct and mediating effects of these factors on customer loyalty in the automobile industry, with sample data from 224 existing car owners, based in Bangkok. The study results illustrate significant direct effects on customer loyalty, with product quality, service quality, price fairness and customer engagement all having a positive influence. On the other hand, product quality and price fairness did not significantly affect customer engagement. The findings support the prediction of direct effects which significantly affect customer loyalty. In addition, the study shows that customer engagement has a partial mediation effect on service quality and customer loyalty. This research contributes to the customer engagement and customer perceived value literature with empirical support in the context of the Thai automobile industry.

Keywords: Customer loyalty, Customer engagement, Customer perceived value

## 1. INTRODUCTION

Understanding customer loyalty is not a new research question, but rather one that continues to gain interest among marketing and management scholars (Petzer & van Tonder, 2019). In the

1990s to early 2000s firms largely achieved customer loyalty through building customer relationships (Lien-Ti & Yu-Ching, 2001; Verhoef, 2003) but there are also limits to sustaining positive relationships through commitment and trust (Morgan & Hunt, 1994).

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