

## **Destination, Future Loyalty: A Journey through Service Quality and Customer Satisfaction in Philippine Bus Services**

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### **ABSTRACT**

Public transportation, particularly buses, is crucial in daily commuting. Going beyond the traditional metrics of customer lifetime value and repeat patronization, future loyalty encompasses elements vital in the local setting, such as passenger referrals, brand advocacy, and customer engagement. For Filipinos who rely heavily on buses for long-distance or provincial travel and for daily travel, positive experiences affect the chance of recommending the service to others. However, limited studies have been undertaken exploring how service quality through customer service impacts future loyalty, especially in transportation. Thus, this study investigated the relationships between service quality, customer satisfaction, and the frequency of bus rides influencing the future loyalty of its customers. The research employed a quantitative, descriptive-survey design, utilizing a moderated mediation analysis with a sample size of 450 respondents selected by systematic sampling from the main stations of three leading bus companies operating from the capital to the northern parts of the Philippines. The results of the study show that there is a positive significant relationship between service quality and future loyalty, with customer satisfaction playing a mediating role. The frequency of bus rides moderated the direct relationship between service quality and future loyalty, revealing nuanced dynamics. While higher levels of the frequency of bus rides intensified the indirect effects through customer satisfaction, the moderation did not impact the overall mediation pathway. These findings highlight the complex interplay among service quality, customer satisfaction, and the frequency of bus rides in shaping future loyalty, offering valuable insights for service providers aiming to enhance customer relations and loyalty in the transportation industry. Broader implications depict that findings contribute to urban planning, transportation policy, and improving public transit systems to meet passengers' evolving needs and expectations.

**Keywords:** future loyalty, customer satisfaction, service quality, bus services.

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## 1. INTRODUCTION

Public transportation, especially buses, is a crucial means of transportation for people in their daily lives, making commuting easier. Statista's 2023 data shows that 59.45% of public transit in the Philippines consists of buses, trains, and the metro, highlighting the heavy dependence on these modes (Statista, 2023). Buses are crucial for many people's daily commutes, enabling necessary trips to work, school, markets, and other places. Luna (2022) enumerates several challenging factors contributing to the difficulty of commuting in the Philippines specifically, congestion and traffic, overcrowding, poor infrastructure, safety and security, regulatory challenges, and poor service quality influenced by issues with irregular schedules, long waiting times, unreliable operations, and inadequate facilities. However, the literature on service quality and customer satisfaction in the Philippine bus transportation sector is scarce despite the bus's significance in people's everyday lives. There is a lack of study on the intricate connection between service quality, customer happiness, and future loyalty among bus passengers, influenced by the frequency of bus rides, indicating a need for further investigation.

Conventional metrics, such as customer lifetime value, are crucial for assessing the business' viability and understanding the factors that will sustain its profitability, helping future growth (Aulet, 2013). This indicator is essential for determining customer behavior and loyalty (Kandampully, Zhang, and Bilgihan, 2015, Liu, 2007). Consequently, in the local context, particularly in the Philippines, where buses are relied upon for daily transportation, satisfaction, and future loyalty extend beyond these conventional boundaries. Therefore, positive customer experiences are vital in shaping satisfaction levels and influencing the likelihood of customers returning and recommending the service to others. The pleasant experiences include factors captured by the customer's lifetime value and elements such as passenger referrals, brand support, and consumer interaction.

This study pursued to address the existing gaps in literature by investigating the relationships between service quality, customer satisfaction, and frequency of bus rides as determinants of future loyalty (Alomari et al., 2022, Aniebiet et al., 2021, Ittamalla and Kumar, 2021). As such, the research provided a more thorough understanding of the factors affecting the loyalty of bus passengers in the Philippine context.

## 2. LITERATURE REVIEW

This section provides an overview of the literature on service quality, customer satisfaction, future loyalty, and frequency (of use) and presents the critical research gaps addressed in this study.

### *Service Quality*

Throughout the literature, authors like Churchill and Surprenant (1982) have laid out the works to understand customer satisfaction better through the impact of service quality. The authors elucidated the vital influence of meeting customer expectations and delivering perceived quality. Additionally, the studies by Parasuraman et al. (1985, 1988) further expanded the service quality concept into five factors: tangibles, reliability, responsiveness, assurance, and empathy. More recent studies in various industries like banking (Fida et al., 2020, Zia, 2020), mobile banking (Bala et al., 2021), non-banking financial institutions (Wang et al., 2023a), and transportation like trains (Wang et al., 2023b) have also examined these dimensions to investigate the impact of service quality on customer satisfaction,

depicting a significant relationship between service quality, customer satisfaction, and customer loyalty (Solimun and Fernandes, 2018).

The five dimensions of service quality are defined as follows: the tangibles encompass physical aspects of service provision, including materials, equipment, facilities, and communication materials (Fitzsimmons and Fitzsimmons, 2014). Reliability focuses on the enterprise's ability to fulfill promises, such as accuracy in billings and order fulfillment (Parasuraman et al., 1988). Responsiveness measures the company's willingness and speed in addressing customer needs, with Johnston (1997) emphasizing timely service delivery. Empathy refers to the company's ability to understand and address individual customer concerns, contributing to customer satisfaction, as shown in the study of Ananth et al. (2011). Assurance aims to provide customers with security and safety regarding the services offered, ensuring positive outcomes without negative implications (Fida et al., 2020).

Therefore, adapting to changing consumer wants and preferences is paramount for firms to successfully sustain a competitive advantage in the market while managing service quality. These factors are critical for creating great client experiences, especially in industries such as public transportation.

### ***Customer Satisfaction***

Customer satisfaction is essential for any organization, indicating how customers are delighted with a firm's products, services, and overall experience. It includes multiple facets of the customer experience, such as product quality, the level of customer service, pricing, convenience, and the brand's reputation (American Society for Quality, n.d.). Similarly, in a study by Morgeson et al. (2023), the authors established customer satisfaction as a variable measuring various aspects of satisfaction like overall experiences, ability to meet expectations, and how the company compares to customer's perception of ideal products and services.

Furthermore, to better gauge and understand customer satisfaction levels, companies utilize many technologies, including surveys, feedback forms, online reviews, and ratings, to measure consumer satisfaction in various industries (Agag et al., 2024, American Society for Quality, n.d.). These processes offer significant insights into client attitudes, enabling firms to pinpoint areas of strengths and weaknesses. Analyzing feedback and satisfaction ratings allows firms to determine areas of improvement and create plans to address them effectively (Shields, 2021). On the downside, failure to prioritize customer satisfaction can lead to customer attrition, adverse word-of-mouth, and harm one's reputation (Rane et al., 2023, Shields, 2021). Customer satisfaction is a complex idea representing customers' happiness and contentment with a company's products or services. It is crucial in creating long-term growth and competitive advantage in today's ever-changing market (Rane et al., 2023).

Moreover, customer satisfaction is a vital business metric in the literature that mediates between service quality and customer loyalty. Research conducted by scholars such as Solimun and Fernandes (2018) and Lone and Bhat (2023) shed light on this relationship, demonstrating how service quality influences customer satisfaction by meeting their expectations and subsequently impacting their loyalty, with the former focusing on the telecommunications sector and the latter on the consumer goods sector. Furthermore, Liu et al. (2022) reveal an important insight: the connection between customer satisfaction and loyalty is not straightforward. They are not directly proportional, nor do they have a one-to-one correspondence. Consequently, even a minor variation in customer satisfaction levels can transform customer loyalty, as highlighted by Liu et al. (2022) and Yulamsi, Lasman, and Yuliarman (2019). The findings underscore the complexity of the interactions

between customer satisfaction and loyalty, emphasizing the need for businesses to manage these factors to foster customer loyalty effectively and carefully.

### ***Future Loyalty***

Future loyalty and customer loyalty are interconnected ideas in customer relationship management, and both are affected by the degree of customer satisfaction (Liu et al., 2022, Lone and Bhat, 2023, Solimun and Fernandes, 2018). Customer loyalty, as defined by Duffy (1998) and Homburg et al. (2009), refers to establishing a profound emotional link with a product or service, resulting in repeated purchases and active promotion of the brand or company (Risk and Widji, 2013). The main focus is on customers' present actions and attitudes, indicating their brand loyalty.

Conversely, future loyalty adopts a more focused perspective on long-term planning and strategic thinking. It entails evaluating the possibility or likelihood of customers maintaining their loyalty to the brand in the future. Customer loyalty focuses on current customer engagement and retention, whereas future loyalty considers market dynamics, competitive challenges, and evolving consumer preferences that could impact long-term loyalty.

### ***Frequency (of Bus Rides)***

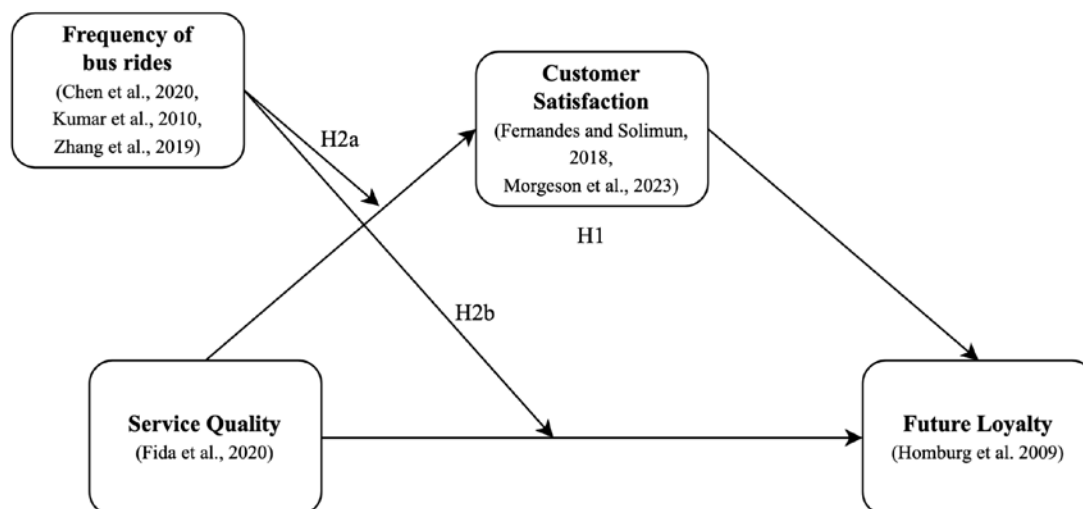
The frequency (of bus rides), a moderator, is vital in influencing the relationship between service quality and customer satisfaction and between service quality and future loyalty in bus transportation services, especially if customers will be willing to ride the bus again or several times. Understanding the impact of this moderator is essential for bus companies to customize their services effectively and enhance customer experiences, ultimately fostering loyalty and repeat patronage.

The frequency of bus rides can influence how customers perceive and evaluate service quality. For frequent riders, service quality may have a more pronounced impact on satisfaction due to their heightened sensitivity to service variations over time (Kumar et al., 2010). Conversely, occasional riders may exhibit less sensitivity to service quality, leading to a weaker relationship between service quality and satisfaction. Empirical studies by Chen et al. (2020) and Lippitt et al. (2023) have demonstrated the moderating effect of frequency on the service quality-satisfaction linkage in the revisit intention in the hospitality industry (Chen et al., 2020) and frequent flyer in the airline industry (Lippitt et al., 2023), suggesting similar dynamics may apply in the bus transportation context that this study explores.

Therefore, this study investigates the dynamics of future loyalty, considering the substantial influence of customer satisfaction between service quality and future loyalty, considering the moderating effect of the frequency of bus rides. Thus, the relationship posits that:

- H1: Customer satisfaction mediates the relationship between service quality and future loyalty.*
- H2a: Frequency of bus rides moderates the relationship between service quality and customer satisfaction.*
- H2b: Frequency of bus rides moderates the relationship between service quality and future loyalty.*

Figure 1: Conceptual Framework



The literature review showed the connections between service quality, customer satisfaction, and future loyalty. It incorporates foundational theories from authors such as Churchill and Surprenant (1982) and Parasuraman et al. (1985, 1988), underscoring the critical role of service quality in driving customer satisfaction and loyalty. Recent studies across various industries, including banking and non-banking financial institutions, airline, and hotel industries, further corroborate the significance of service quality dimensions in shaping customer perceptions and behaviors influenced by the frequency of rides or visits.

Moreover, the review delves into the interplay among service quality, customer satisfaction, and future loyalty. It emphasizes the mediating effect of customer satisfaction in the linkage between service quality and future loyalty, distinguishing future loyalty as a concept that encompasses long-term customer retention. Nonetheless, existing studies lack a nuanced exploration of how service quality and customer satisfaction, moderated by the frequency of bus rides, influence future loyalty within the specific context of public transportation services, particularly in the Philippines.

### 3. METHODOLOGY

The study utilized a quantitative research approach to investigate the interrelationships among service quality, customer satisfaction, and future loyalty, with customer satisfaction as the mediating variable. Furthermore, the study examined the moderating influence of the frequency of bus rides on the relationships between service quality and customer satisfaction, as well as between service quality and future loyalty.

The research was conducted in several vital locales, including Manila, La Union, Ilocos, and Bicol, representing cities and provinces in the Philippines where three prominent bus companies operate. Data collection took place at various bus terminals, employing a stratified random sampling technique based on passenger lists obtained from the terminals. Respondents were selected from the "sleeper or deluxe" bus categories to ensure data will not be biased or affected by price perception deviating from service quality.

A total of 450 respondents, chosen by systematic sampling from three bus terminals, participated in the study. The survey instruments utilized in data collection were adapted from previous research studies, ensuring their validity. The service quality instrument was adapted from the SERVQUAL model of Zeithaml, Parasumaran, and Berry (1991), the

customer satisfaction scale was a modified American Customer Satisfaction Index by Morgeson, et al. (2023), and the future loyalty scale was adapted from Homburg et al.'s customer loyalty instrument. Internal consistency reliability analysis was conducted, yielding acceptable Cronbach's Alpha coefficients for the measured constructs, including service quality ( $\alpha = 0.84$ ), customer satisfaction ( $\alpha = 0.92$ ), and future loyalty ( $\alpha = 0.91$ ).

Data analysis was done through descriptive statistics to summarize the characteristics of the sample and regression analysis to examine the relationships between variables. Statistical Package for the Social Sciences (SPSS) software was utilized for data analysis, enabling comprehensive exploration of the research hypotheses and examining potential mediating and moderating effects.

#### 4. RESULTS AND FINDINGS

A causal mediation analysis assessed whether customer satisfaction mediated the relationship between service quality and future loyalty. Moderated mediation was used to evaluate how the frequency of bus rides affects the indirect effect of service quality on future loyalty through customer satisfaction. In this model, the path from service quality to future loyalty was moderated by the frequency of bus rides. Mean centering was used to measure service quality and frequency of bus rides. Figure 1 below shows the conceptual framework for this study.

The assumption tests revealed that the data distribution passes the requirements of normality, homoscedasticity, and multicollinearity. Also, the results indicate that no influential outliers in the dataset affect the regression analysis. So, the regression analysis assumptions are met with normal data distribution, suggesting that the regression model is valid and reliable for interpreting the relationships between variables in the dataset.

Mediation was examined based on the indirect and direct effects using bootstrapping ( $N = 100$ ) with percentile-based confidence intervals. Moderated mediation was examined by looking at the index of moderated mediation using bootstrapping ( $N = 100$ ) with percentile-based confidence intervals. Simple slope analysis was used to investigate any significant effects of the frequency of bus rides on the indirect effects. The results are based on an alpha of .05. The regression model results are shown in Table 1 and Table 2. The mediation model diagram can be seen in Figure 2.

Table 1: Results for the Regression on Future Loyalty

Variable	<i>B</i>	<i>SE</i>	95.00% CI	<i>t</i>	<i>p</i>
(Intercept)	3.13	0.13	[2.87, 3.39]	23.93	< .001
Customer satisfaction	0.20	0.04	[0.14, 0.27]	5.84	< .001
Service quality	0.80	0.03	[0.74, 0.87]	23.53	< .001
Frequency of bus rides	0.05	0.02	[0.01, 0.09]	2.60	.010
Service quality: Frequency of bus rides	-0.01	0.02	[-0.06, 0.03]	-0.57	.566

The results show that there's overwhelming evidence that customer satisfaction and service quality have a significant influence over future loyalty. A unit increase in the mean rating for service quality will lead to at least 0.74 to at most 0.80 increase in the customer loyalty rating, while the same increase in customer satisfaction will result to an additional 0.14 to 0.27 to the mean rating for loyalty. The same can be said of the frequency of bus rides indicating that those who often ride with the bus company are likely to continue doing so in the future. However, there's not enough evidence that the interaction effect of service quality and frequency of bus rides, which translates to consistent service quality, leads to future loyalty.

To support this, analysis of variance was performed to check if the frequency of bus rides is not a factor in the perceived loyalty of customers. Results show that although with small effect size, the frequency of bus rides seem to influence a customer's perception of future loyalty. Table 2 below summarizes the results.

Table 2 : Analysis of Variance Table for Future Loyalty by Frequency of Bus Rides

Term	<i>SS</i>	<i>df</i>	<i>F</i>	<i>p</i>	$\eta_p^2$
Frequency of Bus Rides	21.17	3	13.44	< .001	0.08
Residuals	234.13	446			

With overwhelming evidence that the frequency of bus rides is a factor in one's loyalty, the researcher investigated further which groups, in terms of frequency of bus rides, have significantly higher levels of customer loyalty. Figure 2 below visualizes the mean rating for future loyalty given by customers grouped according to how frequent they ride the bus.

Applying the Tukey HSD p-value adjustment, t-tests were conducted for each possible pair of groups using an alpha of .05. The mean rating for Future Loyalty given by those who Always ( $M = 4.30$ ,  $SD = 0.75$ ) ride the bus was significantly higher than that given by those who Often ( $M = 3.93$ ,  $SD = 0.65$ ),  $p = .003$  do. The same can be said when the rating given by those who Always ride the bus is compare with the rating from those who Sometimes ( $M = 3.81$ ,  $SD = 0.70$ ),  $p < .001$  do, or from those who Rarely ( $M = 3.60$ ,  $SD = 0.83$ ),  $p < .001$  do. The mean of Future Loyalty from those who Often ( $M = 3.93$ ,  $SD = 0.65$ ) ride the bus was also significantly higher than that coming from customers who Rarely ( $M = 3.60$ ,  $SD = 0.83$ ),  $p = .008$  ride the bus.

The results show that there's overwhelming evidence that service quality has a significant effect on customer satisfaction. A unit increase in the mean rating for service quality will lead to at least 0.50 to at most 0.65 increase in the customer satisfaction rating. However, this can't be said about the frequency of bus rides. there's not enough evidence that the frequency of bus rides or its interaction with how customers perceive the service quality of the bus lead to customer satisfaction.

To check if frequency of bus rides is not really a factor in the satisfaction of customers, ANOVA was examined based on an alpha value of .05. The results were not significant,  $F(3, 446) = 2.05$ ,  $p = .106$ , indicating the differences in Customer Satisfaction among the groups indicated in the Frequency of Bus Rides were all similar. The means and standard deviations are presented in Table 4.

Figure 2: Means of Future Loyalty by Ride Frequency with 95.00% CI Error Bars

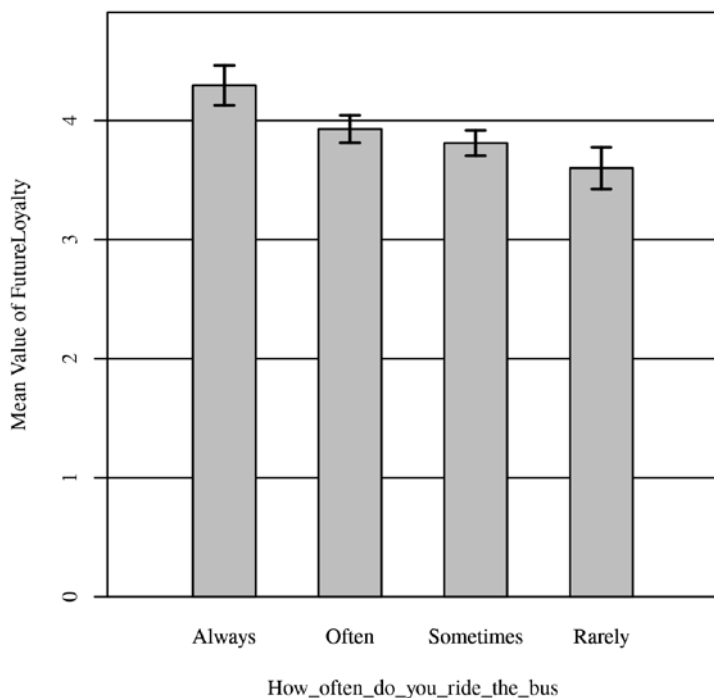


Table 3 summarizes the results of the regression analysis performed to investigate the effects of service quality, frequency of bus rides, and their interaction on customer satisfaction.

Table 3 : Results for the Regression on Customer Satisfaction

Variable	<i>B</i>	<i>SE</i>	95.00% CI	<i>t</i>	<i>p</i>
(Intercept)	3.69	0.03	[3.64, 3.74]	147.12	< .001
Service Quality	0.58	0.04	[0.50, 0.65]	15.56	< .001
Frequency of bus rides	-0.04	0.03	[-0.09, 0.01]	-1.41	.158
Service Quality: Frequency of bus rides	0.05	0.03	[-0.02, 0.11]	1.46	.144

Table 4: Mean and Standard Deviation for Customer Satisfaction by Frequency of Bus Rides

Combination	<i>M</i>	<i>SD</i>	<i>n</i>
Always	3.81	0.84	77
Often	3.76	0.55	119

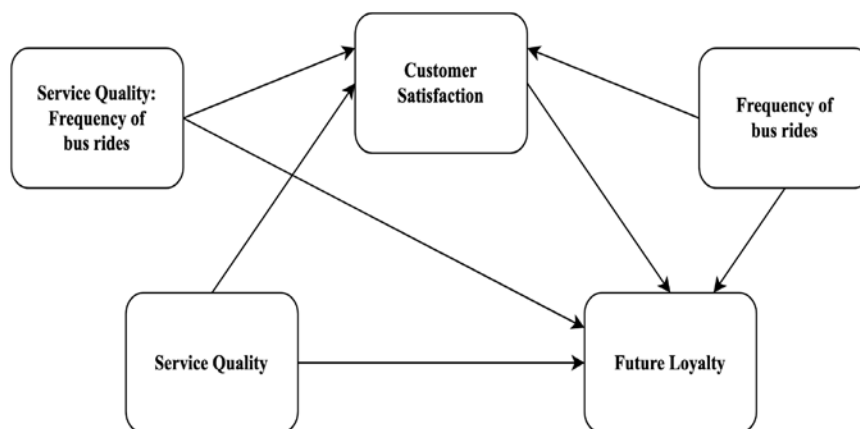


Sometimes	3.65	0.55	167
Rarely	3.60	0.70	87

Mediation was examined based on the indirect and direct effects using bootstrapping (N = 1,000) with percentile-based confidence intervals and using 0.05 level of significance. The average direct effect was found to be significant, B = 0.83, 95.00% CI [0.76, 0.89], p < .001, while the average indirect effect for Service Quality on Future Loyalty through Customer Satisfaction was also significant, B = 0.11, 95.00% CI [0.06, 0.19]. This shows that customer satisfaction partially mediates the effects of service quality on future loyalty.

To test the moderated mediation relationship among the variables, the path illustrated in Figure 3 was used.

Figure 3: Path Diagram



The direct path of service quality on future loyalty was moderated, so conditional direct effects were evaluated instead. Also, the indirect path for service quality on future loyalty through customer satisfaction was moderated, so conditional indirect effects were evaluated instead.

The index of moderated mediation was used to determine if there was any significant moderated mediation in the mediation analysis using bootstrapping with 95% confidence intervals. The index of moderated mediation for customer satisfaction was not significant, index = 0.010, 95% CI [-0.02, 0.03]. This indicates that the indirect effect of service quality on future loyalty through customer satisfaction is independent of the values of the frequency of bus rides.

For the conditional direct effects of service quality on future loyalty, frequency of bus rides was examined at one standard deviation below the mean (-0.99), at the mean ( $-2.19 \times 10^{-16}$ ) and one standard deviation above the mean (0.99):

- With frequency of bus rides fixed at -0.99, the slope of the direct effect was significant with a value of 0.82, 95% CI [0.74, 0.90],  $t = 20.30$ ,  $p < .001$  indicating a precise CI.
- With frequency of bus rides fixed at  $-2.19 \times 10^{-16}$ , the slope of the direct effect was significant with a value of 0.80, 95% CI [0.74, 0.87],  $t = 23.53$ ,  $p < .001$  indicating a precise CI.

- With Frequency of bus rides fixed at 0.99, the slope of the direct effect was significant with a value of 0.79, 95.00% CI [0.70, 0.88],  $t = 18.11$ ,  $p < .001$  indicating a precise CI.

The results indicate that as frequency of bus rides increases in value, the slope of the direct effect decreases. The results of the simple slopes analysis for the direct effects can be seen in Table 5.

Table 5: Conditional Direct Effects of Service Quality on Future Loyalty through Customer Satisfaction Moderated by Frequency of bus rides

Values of Frequency of bus rides	<i>B</i>	95.00% CI	<i>SE</i>	<i>t</i>	<i>p</i>
-0.99	0.82	[0.74, 0.90]	0.04	20.30	< .001
$-2.19 \times 10^{-16}$	0.80	[0.74, 0.87]	0.03	23.53	< .001
0.99	0.79	[0.70, 0.88]	0.04	18.11	< .001

For the indirect effect of service quality on future loyalty through customer satisfaction, frequency of bus rides was examined at one standard deviation below the mean (-0.99), at the mean ( $-2.19 \times 10^{-16}$ ) and one standard deviation above the mean (0.99):

- With frequency of bus rides fixed at -0.99, the slope of the indirect effect of customer satisfaction was significant with a value of 0.11, 95% CI [0.05, 0.18].
- With frequency of bus rides fixed at  $-2.19 \times 10^{-16}$ , the slope of the indirect effect of customer satisfaction was significant with a value of 0.12, 95% CI [0.06, 0.20].
- With frequency of bus rides fixed at 0.99, the slope of the indirect effect of customer satisfaction was significant with a value of 0.13, 95% CI [0.06, 0.21].

The results indicate that as frequency of bus rides increases in value, the slope for the indirect effect increases as well. The results of the simple slopes analysis for the indirect effects can be seen in Table 6.

Table 6: Conditional Indirect Effects of Service Quality on Future Loyalty through Customer Satisfaction Moderated by Frequency of bus rides

Values Frequency of bus rides	<i>B</i>	95.00% CI
-0.99	0.11	[0.05, 0.18]
$-2.19 \times 10^{-16}$	0.12	[0.06, 0.20]
0.99	0.13	[0.06, 0.21]

Simple slopes analysis was used to examine any significant moderation effects on the frequency of bus rides. The results are based on an alpha of .05. Thus, for the relationship of service quality to customer satisfaction, the frequency of bus rides was not examined since the interaction term between service quality and frequency of bus rides was not significant.

## 5. DISCUSSION

The findings that customer satisfaction partially mediates the relationship between service quality and future loyalty underscores the importance of fostering positive customer experiences. Although this result disagrees with studies by Lone and Bhat (2023), Liu et al. (2022), and Solimun and Fernandes (2018), the outcomes show the importance of putting in the work to improve customer satisfaction as it leads to enhanced future loyalty, highlighting the need for businesses to prioritize service excellence and customer-centric strategies (Shields, 2021). Additionally, the lack of significant moderation in the frequency of bus rides during the mediation process suggests that the indirect effect of service quality on future loyalty through customer satisfaction remains consistent across different levels of bus ride frequency. While bus ride frequency may influence individual perceptions and experiences, it does not significantly transform the underlying mechanism through which service quality affects future loyalty via customer satisfaction, suggesting that regardless of how frequently individuals ride the bus, the importance of customer satisfaction in driving future loyalty remains unchanged.

Furthermore, the analysis also evaluated how the frequency of bus rides moderates the direct and indirect effects of service quality on future loyalty through customer satisfaction. The results reveal that the frequency of bus rides significantly moderates the direct effect of service quality on future loyalty. As the frequency of bus rides increases, the strength of the direct effect weakens, suggesting that other factors might become more important in influencing future loyalty as individuals ride the bus more frequently. Likewise, the frequency of bus rides also moderates the indirect effect of service quality on future loyalty through customer satisfaction. Interestingly, as the frequency of bus rides increases, the indirect effect through customer satisfaction becomes stronger. The findings imply that the influence of customer satisfaction on future loyalty is more evident among individuals who ride the bus more frequently.

The significant moderation of both the direct and indirect effects of the frequency of bus rides highlights the nuanced relationship between service quality, customer satisfaction, and future loyalty in the context of bus transportation in the Philippines, specifically in those main terminals considered. The weakening of the direct effect of service quality on future loyalty with increasing bus ride frequency suggests that factors beyond service quality, such as convenience, cost, or alternative transportation options, may become more salient in influencing future loyalty among frequent bus riders. The findings highlight the need for transportation providers to consider a holistic approach to service delivery that addresses various customer needs and preferences. The strengthening of the indirect effect through customer satisfaction as bus ride frequency increases implies that customer satisfaction plays a more significant role in driving future loyalty among individuals who frequently utilize bus services, indicating that efforts to enhance customer satisfaction, such as improving communication, addressing customer complaints promptly, or providing personalized services, can yield greater returns in terms of fostering long-term loyalty among frequent bus riders. Bus companies should understand what satisfies their customers and how they can address their needs to build future loyalty. These companies can communicate these needs effectively to their staff, especially customer-facing personnel, to significantly influence future loyalty.

## 6. CONCLUSION

Overall, customer satisfaction partially mediates the relationship between service quality and future loyalty among bus passengers in the Philippines, resulting in the outcomes of H1 not being completely fulfilled. The partial mediation tells us that while service quality directly influences future loyalty, service quality also impacts customer satisfaction (Bala et al., 2021, Fida et al., 2020, Wang et al., 2023a, Wang et al., 2023b, Zia, 2020) and customer satisfaction to future loyalty.

As for H2a, the findings indicate that this hypothesis is partially supported because there is a significant moderating effect of the frequency of bus rides on the relationship between service quality and customer satisfaction. However, the magnitude of this moderation was not substantial. While bus ride frequency does influence the perception of service quality and customer satisfaction to some extent, its impact on altering the relationship between these two variables is relatively modest.

And for H2b, the findings provide strong support for this hypothesis. We found that the frequency of bus rides significantly moderates the association of service quality to future loyalty among bus passengers in the Philippines. Specifically, we observed that as the frequency of bus rides increases, the strength of the direct and indirect effects of service quality on future loyalty changes. Thus, the impact of service quality on future loyalty varies depending on how frequently individuals ride the bus.

The findings emphasize the need for transportation providers to embrace a comprehensive approach to service delivery, considering various customer needs and preferences. In doing so, they can foster long-term loyalty among frequent bus riders. Enhancing customer satisfaction through improved communication, promptly addressing complaints, and providing personalized services can lead to greater returns and drive future loyalty among bus passengers. The providers may look at integrating technologies as well, such as using mobile wallets for bus payments, especially since Filipinos intend to continue using them even after the pandemic period (Sanchez & Tanpoco, 2023).

Moreover, transportation providers should focus on improving service quality and actively managing and enhancing customer satisfaction, particularly among frequent bus riders. Various strategies, such as soliciting customer feedback, implementing quality improvement initiatives, and investing in staff training, can increase customer satisfaction and impact loyalty. Understanding the moderating role of bus ride frequency can inform targeted marketing and service delivery strategies tailored to different customer segments. For example, special loyalty programs or incentives could be offered to frequent bus riders to reinforce their satisfaction and encourage continued patronage. Policymakers and transit authorities can use these insights to optimize public transportation systems, improve service reliability, and tailor services to meet the diverse needs of passengers, ultimately fostering greater satisfaction and loyalty among users.

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