The Investigate Effects of Perceived Service Quality on Customer Satisfaction and Loyalty with Regard to Mediating Effect of Customer Value

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Perceived service quality is the important factors which affect customer behaviors, and they guide and decide the customers’ attitudes and behaviors on the products or the services. In this article, the relationship between Perceived service quality, value, satisfaction and loyalty in customer is investigated. The aim of the research is to examine the effect of Perceived service quality on satisfaction and loyalty between customers of saman bank in Tehran city. The research method is a descriptive survey. The statistical population consists of Customers the of saman bank in tehran city in iran. The sample included 260 customers, which were selected randomly. Data have been collected by a researcher-developed questionnaire and sampling has been done through census and analyzed using SPSS and PLS. The validity of the instrument was achieved through content validity and reliability through Cronbach Alpha and composite reliability, the study finds out some interesting results: (1): Perceived service quality is positively associated with Customer value, (2): Perceived service quality is not positively associated with Customer satisfaction, (3): Perceived service quality is positively associated with Customer loyalty, (4): Customer value is positively associated with customer satisfaction, (5): Customer value is not positively associated with customer loyalty and finally (6): customer satisfaction is positively associated with customer loyalty, with regard to results, In an service companies can increase customer loyalty directly by improving the Perceived service quality and customer value.

Introduction and statement of the problem:

Customers have higher expectations for products and services with the rapid technological development and emerging new products. At the same time, customers have more choices for products because they acquire more and more information and knowledge than before. The service sector is playing an increasingly main role in the economy of countries in the world. The importance of service and service research has been stressed in the research priorities recently set by Ostrom et al. [34]. One of the challenges faced by service corporations is a growing competition as well as increasing customer expectations [52,8]. These changes in market force corporations to really understand and establish competitive strategies for long-term business success and customer satisfaction. In this respect, measurement of service quality has played a crucial role for enhancing and improving customer satisfaction in service corporations.

In the academic world, there is a wealth of research conducted to address deference issues in service marketing, including consumer behavior towards services [45,21,11]. Particularly, several studies have attempted to identify the determinants of customer satisfaction and loyalty in deference service industries [37]. The concepts of service quality and service satisfaction have been highly considered and used in marketing articles and activities, during last decades. The conceptualisation of service quality, its relationship to the satisfaction and value constructs and methods of evaluation, have been a central theme of the bank sector over recent years.

Enhancing customer loyalty has become a popular topic for managers, consultants, and researchers. The arguments in support of loyalty are simple to understand. Loyal customers are reported to have higher customer
retention rates, commit a higher share of their category spending to the firm, and are more likely to recommend others to become customers of the corporation [39,54].

The purpose of this research is investigate the effect of Perceived service quality on the customer satisfaction and loyalty in saman bank in tehran with regard to Mediating Effect of customer value.

Perceived Service Quality:

many studies have been dedicated to defining service quality in the service industry. Various scholars have suggested a number of dimensions of quality service. It was suggested that service quality comprises of three dimensions, namely the technical quality of the outcome of the service encounter, the functional quality of the process itself and the corporate image. Following this, service quality was defined as a three-dimensional construct consisting of interactive, physical and corporate quality dimensions [28].

Customer perceived service quality can be defined as a global judgment or attitude relating to the superiority of a service relative to competing offerings [36]. Over the past decades, numerous scholars have sought to uncover the global services attributes that contribute most significantly to relevant quality assessments [40,35,38]. Among them, the Parasuraman et al [35] work has been regarded as most prominent, which revealed under dimensions:(1) tangibles; (2) reliability; (3) responsiveness; (4) security; (5) access.

Quality means meeting the requirements of customer. All service have to be aimed at meeting the customer requirements by eliminating non quality traits [42]. Parasuraman et al [36] unambiguously support the notion that service quality, as perceived by customer, stems from a comparison of what they feel service firms have to offer with their perceptions of the performance of firms providing the services. Service quality from the provider’s perspective means the level to which the service’s features conform to the firm’s specifications and requirements. From customers perspective, service quality means how good the service meets or exceeds expectations [15].

Owing to services characteristics, firms must rely on customers’ perceptions of service quality to identify strengths and/or weaknesses and design appropriate strategies. It is argued that service quality is viewed as being more closely linked to the actual service provision and, thus, is multidimensional by nature [19].

Customer Satisfaction:

Customer satisfaction becomes important in retaining customers. Customer satisfaction is also an main antecedent of behavioral loyalty and actual behavior [32]. It is generally believed that satisfaction leads to repeat purchases and recommendations to another consumer, which are the main indicators of loyalty.

Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to expectation, if the performance or expectations fall short, the customer is dissatisfied, if the performance matches the expectations, the customer is satisfied if the performance exceeds expectation, the customer is highly satisfied [26].

Over the years, numerous definitions of satisfaction have been used in the marketing discipline. Giese and Cote (2000) conclude that the wide variation in defining the construct of satisfaction is best reconciled in their definition of satisfaction as “a summary affective response of varying intensity with a time-specific point of determination and limited duration directed toward focal points of product acquisition and/consumption.” We conceptualize satisfaction as a customer’s overall evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

Customer satisfaction is a key factor in formation of customer’s desires for future purchase [29]. Furthermore, the satisfied customers will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important [20].

Customer satisfaction is fundamental to the marketing concept, which holds that satisfying customer needs is the key to generating customer loyalty. Customer satisfaction generally means customer reaction in the context of the state of fulfilment, and customer judgment of the fulfilled state [33]. It is defined as an overall positive or negative feeling about the net value of services received from a supplier [50]. Kotler (2000) described satisfaction as a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to their expectations. Now we consider the construct of satisfaction in the online context. Anderson and Srinivasan [3] defined electronical satisfaction as the contentment of the customer with respect to their prior purchasing experience with a given electronic commerce firm.

Customer Loyalty:

Considering that customer loyalty is a key factor for business success in a competitive market, companies should find out how to increase and sustain it in the long-term. Many service organizations have developed customer loyalty programs as a part of relations development activities. Customer loyalty is a complicated concept. Oxford Dictionary defines loyalty as a state of true to allegiance. But the mere repeated purchase by
customers has been mixed with the above mentioned definition of loyalty. In service domain, loyalty has been defined in an extensive form as “observed behaviors” [6]. Caruana [9] argues that behavior is a full expression of loyalty to the brand and not just thoughts.

It is at any rate remarkable that, in recent years, marketing activities in the service sector are preferably evaluated in relation to business profitability. However, as business profitability may be influenced by many other variables, it seems more appropriate to define the concept marketing activities more specifically when attempting to take a thorough approach. At least two key elements stand out in the literature of marketing:

1 repeat purchases;
2 word-of-mouth [48]

Loyalty concerns itself with purchase reiteration behavior or recommendation to other people and is activated by company marketing activities. In this sense, a key challenge is to identify and understand how managerially controlled antecedent variables influence loyalty.

Maximising loyalty and the long-term value of customers’ purchases is one of the most important goals of a website [44]. Customer loyalty is complex and comprises many dimensions. Engel et al. [14] defined brand loyalty as the preferential, attitudinal and behavioural response toward one or more brands in a product category expressed over a period of time by a consumer. In addition, Oliver [33] distinguished four phases of loyalty: (1) cognitive loyalty; (2) affective loyalty; (3) conative loyalty or behavioural intention; and (4) action loyalty.

It is currently accepted that loyalty includes two dimensions: attitudinal; and behavioural [32,54,10,24]. Attitudinal loyalty indicates a higher-order, or long-term and psychological commitment of a customer to continue a relationship with a service provider [12,9,43]. Behavioural loyalty is defined as repeat patronage, meaning the proportion of purchases of a specific brand [31,24]. However action loyalty is too difficult to observe and measure, so research tends to employ the conative or behavioural intention to measure customer loyalty [51].

**Customer Value:**

According to the change of market situation, several of new marketing methods have emerged since the 1970s: from product-centric and simply product quality-focused to “customer-oriented”, and then the proposal of the concept of customer value until the 1990s. Viewed through the development track, customer value is the historical continuity of customer satisfaction and customer loyalty, and it has pushed the marketing theory to a new stature. Porter believes that the competitive advantage is brought by the value created by companies for customers and customer value is considered to be a new source of competitive advantage. Although the significance of customer value is widely recognised, research about customer value is quite fragmented and there is no clear definition of the concept. However, the definition of customer value in marketing theory has not yet unified, and different scholars have different views on customer value. The followings are some representative and influential definitions:

- utility value theory regarded customer value as the comprehensive formation of material ‘serveceability’ of a natural property, subjective ‘needs’ of a psychological attribute and a useful number of items of ‘scarcity’ of a social attribute.
- Liu Dianyan (2002) brought forward a triangle proposition of customer value about product quality of consumer expectations, service quality and value-based price, etc.
- Customer value was market perceived quality which customers obtained relative to product price. [17].
- Customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of both manufacturing businesses and service providers [17,56,55,50].
- Zeithaml [53] considered value to be the customer’s overall assessment of the utility of a product based on the perception of what is received and what is given.

Value creation in business relationships has gained a lot of attention in the marketing literature in the last decade, and of course the notion of value has been described in the literature [13,16]. Typically, most definitions focus on the economic and various non-monetary outcomes of the exchange and the process surrounding it. Furthermore, the bulk of the literature conceptualises customer-perceived value as the subjective perception of the trade-off between sacrifices and benefits related to the exchange and relative to the competition [16,46,23].

**The Characteristics of Customer Value:**

The customer value has such attributes as follows:

- Interaction of customer value: Customers perceive corporations and their services will also affect the perception and understanding in customers.
- Dynamic of customer value: The value that customers perceived from the service or product may be change in long term.
- Individuation of customer value: as a level of psychological feeling, is likely to be subjective
Diversity of the factors affecting customer value: The factors comprise service or product quality and price and distribution, and et al, will affect different influences on customer value

A Literature:
- Boustani et al [7] in research with title "the impact of Perceived service quality on satisfaction and customer loyalty: the mediating effect of customer value" investigated relation between Perceived service quality, satisfaction, loyalty and customer value and concluded that Perceived service quality variables has an efficient role in customer value and indirectly influence in the customer loyalty.
- Segoro [41] in article with title "The Influence of Perceived Service Quality, Mooring Factor, and Relationship Quality on Customer Satisfaction and Loyalty" investigated relation between customer satisfaction, customer Loyalty, Perceived service quality, Mooring Factor and Relationship Quality. The research result proved that the customer perception on service quality and relationship quality have positive correlation with mooring factors. Then, the perception on service quality has positive direct influence customer satisfaction. On the other hand, mooring factors and relationship quality does not have direct influence customer satisfaction. However, mooring factors is proven to be moderating variable of service quality and relationship quality to customer satisfaction and has positive relationship. Moreover, the customer perception on service quality, relationship quality, and customer satisfaction has positive direct influence the customer loyalty.
- Research in different industries have investigated the relationship between service quality (its dimensions) and customer satisfaction – telecommunications [49]; restaurants [18]; hospitals [2]; hotel services [47]; travel agencies [6]; internet services [22]; multiple industries [5].
- Various studies have been conducted in similar area, where in banking service quality dimensions have been tested as predictors of customer satisfaction [27,30]. In case of automated banking service quality dimensions have been found to affect customer satisfaction [1].
- Service quality and customer satisfaction have been recognized as the main antecedents of customer loyalty. [19]. In fact, the dominant literature also suggests that quality is the main antecedent of customer satisfaction [9]. Thus, continuously improved quality should be the focus for any company.

Fig. 1: Conceptual model in research.

From the above mentioned model the following main hypothesis are developed:
First hypothesis: Perceived service quality is positively associated with Customer value among customers of saman bank in Tehran city.
Second hypothesis: Perceived service quality is positively associated with customer satisfaction among customers of saman bank in Tehran city.
Third hypothesis: Perceived service quality is positively associated with customer loyalty among customers of saman bank in Tehran city.
Fourth hypothesis: Customer value is positively associated with customer satisfaction among customers of saman bank in Tehran city.
Fifth hypothesis: Customer value is positively associated with customer loyalty among customers of saman bank in Tehran city.
Sixth hypothesis: customer satisfaction is positively associated with customer loyalty among customers of saman bank in Tehran city.

Methodology:
The current research enjoys a descriptive-correlative design. The subjects are chosen among customers of saman bank in tehran city. Data collection is done through random sampling. First, a group of 30 persons were
selected from the subjects and the questionnaire distributed among them. After extracting the data from the responses of the intended group and the variance estimate, the volume of the sample of the study was drawn by using coorran formula. 260 customers were selected randomly as the subjects of the study and answers were analyzed using SPSS and PLS Software. In this study, questionnaire was used as a data collection tool. The validity of its content was ensured by using the expert consensus and viewpoints. The validity of its structure was measured through Cronbach’s alpha. Nunnally (1978) suggested that a minimum alpha of 0.6 sufficed for stage of search. The Cronbach alpha estimated for total research was 0.980 and was much higher 0.6, the constructs were therefore deemed to have adequate reliability.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Number of Questions</th>
<th>Cronbach’s Alpha Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived service quality</td>
<td>4</td>
<td>0.888</td>
</tr>
<tr>
<td>Customer value</td>
<td>5</td>
<td>0.895</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>4</td>
<td>0.880</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>5</td>
<td>0.943</td>
</tr>
<tr>
<td>Total Participation</td>
<td>18</td>
<td>0.980</td>
</tr>
</tbody>
</table>

In table 1 our research the reliability of the items is checked through Cronbach’s alpha that is 0.980 which shows that our research variables are reliable and there exists internal consistency between them.

**Finding:**

**Descriptive data:**

Table 2 Descriptive statistical data shows the relation to the customers participated to the research (n = 260). The social demographic qualification of the participants are as follows: 183 male and 77 female participated to the research.

The educational background of the participants are; 105 people diploma, 38 people have super- diploma,78 people have Bachelor, and 39 people phd and Master degree.

<table>
<thead>
<tr>
<th>Percent</th>
<th>Frequency</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>%70.3</td>
<td>183</td>
<td>Female</td>
</tr>
<tr>
<td>%29.6</td>
<td>77</td>
<td>Male</td>
</tr>
<tr>
<td>%100</td>
<td>260</td>
<td>Total</td>
</tr>
<tr>
<td>% 40.3</td>
<td>105</td>
<td>diploma</td>
</tr>
<tr>
<td>% 14.6</td>
<td>38</td>
<td>super-diploma</td>
</tr>
<tr>
<td>% 30</td>
<td>78</td>
<td>Bachelor</td>
</tr>
<tr>
<td>% 15</td>
<td>39</td>
<td>PHD and Master</td>
</tr>
<tr>
<td>%100</td>
<td>260</td>
<td>Total</td>
</tr>
<tr>
<td>% 28.8</td>
<td>75</td>
<td>Under 25</td>
</tr>
<tr>
<td>% 33</td>
<td>86</td>
<td>25 – 35</td>
</tr>
<tr>
<td>% 24.3</td>
<td>63</td>
<td>35 - 45</td>
</tr>
<tr>
<td>% 7.6</td>
<td>20</td>
<td>45 - 55</td>
</tr>
<tr>
<td>% 6.1</td>
<td>16</td>
<td>More than 55</td>
</tr>
<tr>
<td>%100</td>
<td>260</td>
<td>Total</td>
</tr>
</tbody>
</table>

**Table 3: Correlation Between research variables**

Structural relationships in the conceptual model were tested with PLS. The maximum likelihood fitting function was used to estimated parameters. According to the indexes it can be concluded that the model have a relatively good fitness.

<table>
<thead>
<tr>
<th>Perceived service quality</th>
<th>Customer value</th>
<th>Customer satisfaction</th>
<th>Customer loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived service quality</td>
<td>.866</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Customer value</td>
<td>.824</td>
<td>.840</td>
<td>-</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>.730</td>
<td>.816</td>
<td>.862</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>.769</td>
<td>.786</td>
<td>.770</td>
</tr>
</tbody>
</table>

In the Table 5 research Hypothesis was examined. The Information about any hypothesis Included beta, T value and Result For each of the variables in research Hypothesis was examined. For example, in The first hypothesis, beta is .373, T value is 6.854 and Hypothesis was Accepted:
A hypothesis: There is a positive and significant relationship between Perceived service quality and Customer value among customers of saman bank:

As shown in table 5, since observed beta is equal to 0.373 and T is equal 6.854, so there is a relationship between Perceived service quality and Customer value among customers of saman bank with 95% confidence.

2 hypothesis: Perceived service quality is positively associated with customer satisfaction among customers of saman bank in Tehran city.

As shown in table 5, since observed beta is equal to 0.031 and T is equal 0.399, so there is not a relationship between Perceived service quality and customer satisfaction among customers of saman bank with 95% confidence.

3 hypothesis: Perceived service quality is positively associated with customer loyalty among customers of saman bank in Tehran city.

As shown in table 5, since observed beta is equal to 0.135 and T is equal 2.268, so there is a relationship between Perceived service quality and customer loyalty among customers of saman bank with 95% confidence.

4 hypothesis: Customer value is positively associated with customer satisfaction among customers of saman bank in Tehran city.

As shown in table 5, since observed beta is equal to 0.503 and T is equal 6.937, so there is a relationship between Customer value and customer satisfaction among customers of saman bank with 95% confidence.

5 hypothesis: Customer value is positively associated with customer loyalty among customers of saman bank in Tehran city.

As shown in table 5, since observed beta is equal to 0.503 and T is equal 6.937, so there is a relationship between Customer value and customer loyalty among customers of saman bank with 95% confidence.

6 hypothesis: Customer satisfaction is positively associated with customer loyalty among customers of saman bank in Tehran city.

As shown in table 5, since observed beta is equal to 0.179 and T is equal 3.282, so there is a relationship between customer satisfaction and customer loyalty among customers of saman bank with 95% confidence.

Conclusion and Discussion:

Driven by rapidly changing retail environments, more demanding customers, intensified competition, and slow growth markets, banks managers are more than ever obliged to continually concentrate on establishing satisfaction and loyalty in customers. Increasing competition with globalization, changing customer demands and needs made it harder for the provision of satisfaction and loyalty in customers. In this article, the relationship between Perceived service quality, value, satisfaction and loyalty in customer is investigated. the study finds out some interesting results: (1): Perceived service quality is positively associated with Customer value, (2): Perceived service quality is not positively associated with Customer satisfaction, (3): Perceived service quality is positively associated with Customer loyalty, (4): Customer value is positively associated with customer satisfaction, (5): Customer value is not positively associated with customer loyalty and finally (6): customer satisfaction is positively associated with customer loyalty.

The results of this study provide main implications for banks managers and can aid in designing strategies to improve customer satisfaction and loyalty. Our study includes an illustration of how banks can use these links to develop appropriate customer satisfaction policies leading to increased customers. Also, While this study is based on bank customers, the study results have important implications for suppliers of other products and services. Perceived service quality and Customer value plays an important role in this connected world where internet is fast replacing traditional modes of business exchanges. Web based transactions are fast becoming the norm for most businesses in many countries. Customers use web sites as they provide options for buying

| Table 4: Results of the best fitting model. |  |  |  |  |  |
| Dependent variable | Independent variable | Standard Error | Standard Deviation | Original Sample (O) | T Statistics (O/STERR) |
| Perceived service quality | Customer value | 0.054 | 0.054 | 0.373 | 4.854 |
| Perceived service quality | satisfaction | 0.078 | 0.078 | 0.31 | 0.399 |
| Perceived service quality | loyalty | 0.059 | 0.059 | 0.135 | 2.268 |
| Customer value | satisfaction | 0.072 | 0.072 | 0.503 | 6.937 |
| Customer value | Customer loyalty | 0.068 | 0.068 | 0.067 | 0.985 |
| Customer satisfaction | Customer loyalty | 0.054 | 0.054 | 0.179 | 3.282 |

| Table 5: Analyzing the hypotheses of research. |  |  |  |  |  |
| Result | T | Beta | Dependent variable | Independent variable |
| confirmed | 6.854 | 0.373 | Customer value | Perceived service quality |
| Accept not | 0.399 | 0.031 | satisfaction | Perceived service quality |
| Accepted | 2.268 | 0.135 | loyalty | Perceived service quality |
| Accepted | 6.937 | 0.503 | satisfaction | Customer value |
| Accepted not | 0.985 | 0.067 | Customer loyalty | Customer value |
| Accepted | 3.282 | 0.179 | Customer loyalty | Customer satisfaction |
products while also giving access to information on products and suppliers. Given numerous alternatives, buyers are likely to be looking for features that distinguish suppliers from one another and firms’ Perceived service quality can be a major differentiator by way of quality and reliability.

REFERENCES


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