

The Influence of Perceived Service Quality, Corporate Image, Customer Satisfaction and Value on Customer Loyalty of Agriculture Bank of China in Kunming, China

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Abstract—Customer loyalty has been investigated in banking industry, and it is important for banking managers and marketers to obtain a deeper understanding of it. The purpose of this research is to find out what kinds of specific operational factors have strong effect on the loyalty of customers in Kunming, Yunnan Province, China for Agricultural Bank of China business services. The researcher surveyed on 400 respondents who are lived in Kunming, Yunnan Province, China and had at least three times experience to using Agricultural Bank of China business services. Then, this research has seven hypotheses, and the data were analyzed by using Person Correlation Coefficient and Multiple Linear Regression methods. Finally, some recommendations of improving the loyalty customers are provided.

Keywords—Corporate image, Customer satisfaction, Customer loyalty, Perceived service quality.

I. INTRODUCTION

WITH an increase of economic reforms, the market system has becomes more perfect and has increased the fierce competition in the banking service in China. A mature market system has experienced changes from being production-centered to customer-centered, causing these profound changes. Customer loyalty factor important and is considered to be the key value in the marketing strategy for the banking service. Zeithaml and Bitner [1] stated that customer loyalty factors are a company's most reliable success indicators. Also, Aaker [2] defined that increased customer loyalty can help reduce marketing advertising cost, attract more new customers and effectively operate business. Additionally, the marketing competition has become more intense, many companies have considered a variety of activities to retain current customers and improve customer loyalty.

Bei and Chiao [3] pointed that in the banking industry, perceived service quality has a positive correlation with customer loyalty. Also, perceived service quality has been found to be having a positive relationship with customer satisfaction, which in turn leads to customer loyalty [4].

Moreover, Zahorik and Rust [5] mentioned that perceived service quality as a predictor of customer loyalty, which will provide significant results.

Gioia *et al.* [6] mentioned that customer loyalty in the company can be generated by a positive and reinforcing company image. Moreover, several researchers also defined that corporate image positively relate to customer loyalty. Anderson and Fomell [7] also found that creating the positive corporate image to public can improve the customer satisfaction of a company, which will lead to an increase in its customer loyalty. Therefore, perceived service quality, corporate image, customer satisfaction is the main elements to affect customer loyalty. Lin and Wang [8] found that customer loyalty was affected by perceived customer value. Thus, the researcher use perceived service quality, image, value, customer satisfaction as the independent variables to study the relationship with the dependent variable of customer loyalty in the banking industry in this study.

This research focuses how the customers of Agricultural Bank of China can be loyal to business services. To summarize the problems, the researcher intended to analyze the influence of several antecedents (perceived service quality, customer satisfaction, corporate image and value) on customer loyalty of Agricultural Bank of China's business services.

This research focus on 20 sub-branches of Agricultural Bank of China, located in four districts of Kunming, Yunnan Province, China, and the survey was conducted in order to collected data for analysis. In this research the researcher distributed 400 questionnaires, according to the geographic location and sub-branches distribution in four districts, the researcher will select representative sub-branches in four districts as main place to distribute the questionnaire. The target respondents are customers of Agricultural Bank of China in Kunming, Yunnan Province, China who have experience using business service offered by the bank.

II. LITERATURE REVIEW

A. Customer Loyalty

Customer loyalty's importance has been emphasized in the service and manufacturing industries in recent years. There are

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two perspectives of customer loyalty: attitudinal customer loyalty and behavioral customer loyalty. Attitudinal loyalty is related to customers' affective preference for a particular product or service, while behavioral loyalty is regarding the considerations like the percentage of expense or the frequency of use.

Fornell and Wernerfelt [9] mentioned that loyal customers can be considered as an asset to a business. Moreover, customer loyalty is one major indicator in the banking industry, it is very essential to study customer loyalty for bank management.

B. Perceived Service Quality

Parasuraman *et al.* [10] defined perceived service quality as customers' judgment or attitude toward the overall excellence of the service. It also conceptualized as the overall evaluation of customers to the superiority of the organization and services [11]. Service quality can influence many factors related to performance of a business. It is widely recognized by businesses to provide excellent service quality to customers.

There are several types of measurement to assess the service quality; the most popular one is SERVQUAL model. It is a multiple-item survey instrument. The measuring scale based on the disconfirmation paradigm which is the gap between expectations and perception of service performance levels.

Therefore, Asubonteng *et al.* [12] identified an instrument of service performance (SERVPERF) was developed that seems to produce better results than SERVQUAL. SERVPERF is a performance-based paradigm that measures service quality by using customer perceptions rather than gap scores. Moreover, SERVPERF is found to explain more variance in overall service quality than SERVQUAL. Finally, this study employed SERVPERF to assess customers' perceived service quality.

C. Corporate Image

In the marketing literature, corporate image is conceptualized as the perception of an organization held in the external stakeholders' memory especially customers. Moreover, corporate image is related to the attribute of the company, for instance, company's name, architecture, the kind and quality of products and services. Additionally, if the company has a favorable image which means that the company has enough public relation ability to maintain the market position [13].

Corporate image must indeed be, positive and increase the value in the minds of customers. Also it must be special and differentiate the brand compared with other competitors. Moreover, Barich and Kotler [14] defined corporate image the consumer's overall impression towards a company. Therefore, good corporate image is combining all impressive information from customers' minds.

D. Customer Satisfaction

Customer satisfaction as the customer's particular feeling or attitude based on the total purchase and consumption experience when evaluating the discrepancy between expectations regarding the service or product and the perception of actual performance. Customer satisfaction is also defined as a fulfillment response or judgment that is evaluated for one-time

consumption or ongoing consumption for a product or service [15]. Encounter satisfaction is emphasized in the transactional approach which focuses on the satisfaction with a product or service in a single transaction. The cumulative approach emphasizes the satisfaction which is determined by satisfying or dissatisfying encounters with a product or service over time.

As concerns of banking sector, customer satisfaction is defined as the total evaluation of the overall level of services provided by the bank [16]. Reichheld [17] mentioned satisfied customers tend to be more concentrated on their business with one bank. In order to get long-term benefits and relationships, the bank needs to continuously satisfy customers' requirements and make customers decide to choose a fixed bank. Thus, customers may remain with the same bank in the long-term and continue to repurchase.

E. Value

Customer value as a customer perceived preference and evaluation of what he/she pays to acquire and use a product or service. It is the relationship between product attributes, attribute performances and consequences caused by using that facilitate achieving the customer's goals and purposes in use situations. Value is considered to be an important factor to increase the company's competitive advantage and it also has a significant impact on customer satisfaction and loyalty [18].

Trassoras *et al.*, [19] pointed that the components of value includes intrinsic attributes and extrinsic attributes. Intrinsic attribute means that the customer knows how to purchase, which makes one feel good and extrinsic attribute is express customer's reputation of the product or service. In summary, the definition of value in this study should follow customer's overall assessment through customer's perception of the benefits they obtain from the price paid.

III. RESEARCH FRAMEWORK AND METHODOLOGY

A. Research Framework

Based on the reviewed literature in previous section, the researchers applied perceived service quality, customer satisfaction, value and corporate image as independent variables. The dependent variable is customer loyalty. The framework is shown in Fig.1. There were 7 hypotheses formulated based on the framework and they are shown as follows:

H1: Perceived service quality in terms of tangibles, reliability, assurance, responsiveness and empathy are influenced corporate image.

H2: Perceived service quality in term of tangible, reliability, assurance, responsiveness and empathy are influence customer satisfaction.

H3: Perceived service quality in term of tangible, reliability, assurance, responsiveness and empathy are influenced value.

H4: Perceived service quality in term of tangible, reliability, assurance, responsiveness and empathy are influenced customer loyalty.

H5: There is a statistical significant relationship between value and customer satisfaction.

H6: There is a statistical significant relationship between customer satisfactions and image.

H7: Corporate image, customer satisfaction and value are influenced customer loyalty.

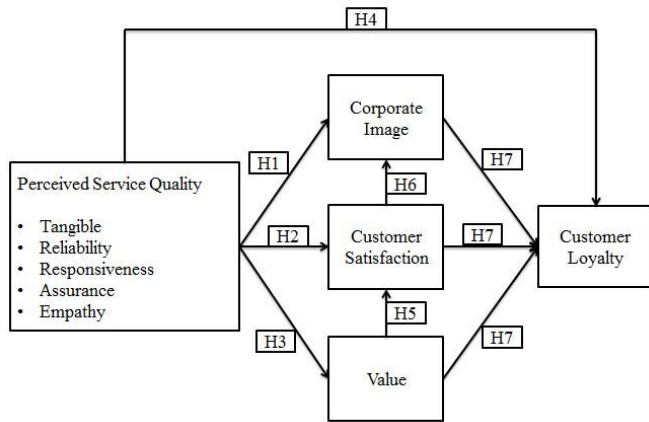


Fig. 1 The Influence of Perceived Service Quality, Corporate Image, Customer Satisfaction and Value on Customer Loyalty of Agriculture Bank of China in Kunming, Yunnan, China

B. Research Methodology

The main objective of this study is to investigate and evaluate the influence of perceived service quality, corporate image, customer satisfaction and value on customer loyalty of Agriculture Bank of China in Kunming. The descriptive approach was firstly adopted to provide a general overview of the data collected.

This research uses the descriptive research method to describe the general data, including frequency, percentage, mean and standard deviation. Moreover, the descriptive approach is quick, accurate and practical in terms of financial aspects; the descriptive method can give an accurate profile of people, events or situations. Then, Pearson correlation and multiple linear regression models were used to find the relationship between independent and dependent variables.

The data collection separate into two parts, the primary data has been collected from 400 respondents who lived in Kunming city. In this research focused on customers of Agricultural Bank of China who had businesses as respondents for the survey. The second data has been collected from other previous studies, journals, books and Agricultural Bank of China’s website as well as from the internet. Research all of secondary data were in order to support the conceptual framework of this research.

The correlation of two variables X and Y are measured on the same level; the range of r value was between +1 and -1; Equation (1) is the formula to calculate the correlation coefficient “r” as in

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}} \quad (1)$$

Where: x = Independent Variables, y = Dependent Variable, n = Number of sample.

On the other hand, equation (2) will be used to examine the effect of image, customer satisfaction, value and perceived service quality on customer loyalty.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \quad (2)$$

Where: Y represents dependent variable which is customer loyalty, X₁ is image, X₂ is customer satisfaction, X₃ is value and X₄ is perceived service quality. β₀ is Y intercept, β₁ β₂, β₃ and β₄ is regression coefficient associated with X₁, X₂, X₃ and X₄. e is error term

IV. RESULTS AND FINDINGS

Table I reports the summary of Hypotheses 1,2,3,4 and 7. The results show that all five sub-variables were significant less than 0.05 level. It means that tangibles, reliability, responsiveness, assurance and empathy, significant influenced the image, customer satisfaction, value and customer loyalty of the Agricultural Bank of China.

The beta coefficients (β) of five sub-independent variables (tangibles, reliability, responsiveness, assurance, and empathy) were positive respectively. In additional, all beta coefficients showed that the five sub-variables of perceived service quality had positive influenced on the corporate image, customer satisfaction, value and customer loyalty.

On the other hand, hypothesis 7 indicated that three sub-independent variables (corporate image, customer satisfaction, and value) significance were .000, .038 and .000 respectively, which were less than .05. It means that corporate image, customer satisfaction, and value, influenced customer loyalty of the Agricultural Bank of China. The beta coefficients (β) of the three sub-independent variables (corporate image, customer satisfaction, and value) significance were .559, .123 and .328, respectively. In addition, the beta coefficients showed that corporate image, customer satisfaction, and value have a positive correlation with customer loyalty.

Table II results shows that, there is a significant relationship between value and customer satisfaction at the 0.01 level of significance. At .840, it means that there is a high positive correlation between value and customer satisfaction. This implies these two variables move in the same direction. Moreover, there is a significant relationship between customer satisfaction and corporate image at the 0.01 level of significance. At .883, it means that there is a high positive correlation between customer satisfaction and corporate image. This implies these two variables move in the same direction.

TABLE I
SUMMARY OF HYPOTHESES 1,2,3,4 AND 7

Hypothesis	Beta Coefficients	Result
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H1 _o : Perceived service quality in terms of tangibles, reliability, assurance, responsiveness and empathy are not influenced corporate image.		
-tangibles	.232	Reject H1o
-reliability	.175	
-responsiveness	.022	
-assurance	.350	
-empathy	.166	
H2 _o : Perceived service quality in terms of tangibles, reliability, assurance, responsiveness and empathy are not influenced customer satisfaction.		
-tangibles	.144	Reject H2o
-reliability	.147	
-responsiveness	.064	
-assurance	.398	
-empathy	.315	
H3 _o : Perceived service quality in terms of tangibles, reliability, assurance, responsiveness and empathy are not influenced value.		
-tangibles	.235	Reject H3o
-reliability	.046	
-responsiveness	.097	
-assurance	.165	
-empathy	.363	
H4 _o : Perceived service quality in terms of tangibles, reliability, assurance, responsiveness and empathy did not influence customer loyalty.		
-tangibles	.224	Reject H4o
-reliability	.081	
-responsiveness	.174	
-assurance	.228	
-empathy	.530	
H7 _o : Corporate image, customer satisfaction and value are not influenced customer loyalty.		
customer satisfaction	.559	Reject H7o
corporate image	.123	
value	.328	

TABLE II
SUMMARY OF HYPOTHESES 5 AND 6

Hypothesis	Level of Significance	Correlation coefficient	Result
H5 _o : There is no statistically significant relationship between value and customer satisfaction.	.000	.840	Reject H5o
H6 _o : There is no statistically significant relationship between customer satisfactions and corporate image.	.000	.883	Reject H6o

V. SUMMARY AND CONCLUSION

The purpose of this particular study is to examine customer loyalty of the Agricultural Bank of China's business services at 20 selected sub-branches of the Agricultural Bank of China through some key drivers like perceived service quality, customer satisfaction, corporate image, and value. The researcher set 7 hypotheses to analyze the relationship across four independent variables (perceived service quality, customer satisfaction, corporate image, and value) and one independent variable (customer loyalty). In addition, perceived service quality was subdivided into five sub-variables: tangibles, reliability, responsiveness, assurance, and empathy.

This study was conducted at 20 selected sub-branches of the Agricultural Bank of China at four districts in Kunming, China. 400 current customers who are now using the Agricultural Bank of China's business services and have at least three times of experience were selected as respondents of the study. Judgment sampling, quota sampling and convenience sampling were used to collect the data from 20 selected sub-branches of the Agricultural Bank of China by distributing questionnaires. Pearson Correlation Coefficient, Multiple Linear Regression and the SPSS program were employed in this study to test the hypotheses.

The test results showed that all five sub-variables of perceived service quality (tangibles, reliability, responsiveness, assurance, and empathy) had a positive effect on corporate image, customer satisfaction, value and customer loyalty. Moreover, between value and customer satisfaction there was a moderately positive relationship. And between customer satisfaction and corporate image there was a moderately positive correlation. The analyzed results indicated that better management of the related variables in this research can make customers be more loyal to the Agricultural Bank of China.

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