UNDERSTANDING SERVICE QUALITY AND SERVICE LOYALTY: AN EMPIRICAL STUDY OF MOBILE PHONE NETWORK SERVICE IN THE CENTRAL REGION OF THAILAND

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Abstract
Service quality is increasingly important as a strategy for business that strives to retain customer loyalty in today’s highly competitive environment. Studies have investigated relationship in the context of service industry. This study examines the influence of service quality and relationship quality to mobile phone network service loyalty in the Central Region of Thailand. Questionnaires were used to collect the data from 400 users and analyzed by descriptive statistics and simple regression analysis. The finding of this study demonstrated that the influence of service quality and factors of relationship quality impacted on service loyalty, and identified strategies for mobile phone network services that should enhance their service quality and relationship quality. Theoretical and managerial contributions are explicitly provided of the current study and suggestions for further research are introduced.

Keywords: Service Quality, Relationship Quality, Loyalty, Satisfaction, Trust, Commitment

1. Introduction
Recently, globalization has changed society rapidly in terms of technology, especially regarding, the growth of communication technology in Thailand. This results in the need to increase the demand and supply both domestic and international communications. Communication also plays a major role on the daily lives of consumers. Therefore, Mobile Phones are important for communication among consumers in Thailand. Based on the standing that there were 93.7 million phone users in 2014 (Office of the National Broadcasting and Telecommunications Commission, 2014). Mobile phone networks developed quality of service and created high satisfaction level among consumer. However, innovation of the mobile network has developed rapidly in order for mobile network operators services to 2G, 3G and 4G mobile systems in response to consumers use of their mobile phones. Mobile phone network in Thailand received concessions from the government to three companies representing was the network of AIS, Dtac and Ture Move. Service providers are faced with competition. All networks are searching for strategies to create a competitive advantage by offering quality service, which is an important contribution to the user’s experience. Therefore, a mobile phone network creating customer loyalty has an impact on businesses performance.

Studies on the behavior of consumers used a mobile phone networks. The behavior that occurred after receiving network services included consumer satisfaction and loyalty. The concept is attractive for network service providers (Varnali and Toker, 2009). Providers deliver service quality to customers continuous in order to build quality relationships and restrict in the transition of services to other providers (Switching Barriers). A recent study has investigated the Influence of relationship quality on customer services loyalty (Lin and Wang, 2006; Rauyruen and Miller, 2007). Furthermore, relationship quality research has mostly studied markets and products used a business to business context (Athanasopoulou, 2009). But service industries have attracted only limited few research. This study uses data collected from mobile communication customers to examine our understanding of relationship quality to customer service setting.

2. Review of Relevant Literature
Service Loyalty
The study and practice of loyalty in marketing areas has experienced explosive growth over the last decade (Jones and Sasser, 1995; Oliver, 1999). Prior research has studied of factor leading to loyalty, such as service quality, customer trust and satisfaction. Service loyalty has been defined as “a deeply occurred commitment of customer to reuse or patronize a preferred service consistently in the Future” adapted from the concept of Oliver (1999). Customer loyalty has two meanings: long-term and shout-term loyalty (Jones and Sasser, 1995). Long-term loyalty do not easily switch to other providers, but short-term loyalty defects more easily when customers offered a perceived better alternative form other providers. For service context, the long-term loyalty us important to service provider, it is beneficial to establish a relationship with the customer that the customer would like to retain. Thus, the in service industry service providers are trying to build service loyalty to customers in the long term. It will lead to a competitive advantage for businesses.
This study focused on long-term loyalty of customer which will benefit mobile network provider. In Thailand, the mobile service market is highly competitive, user numbers are highly saturated and customer easily to switch to providers when offered a perceived better alternative. Therefore, it is better to retain existing current customers than finding new ones in the market.

**Service Quality**

Service quality is interpreted as the overall impression of a customer’s judgment concerning a service provided (Bitner and Hubbert, 1994; Culilberg, 2010). Service quality is influenced by expected and perceived service. If services are received as expected, the service quality is satisfactory, but if the services received exceed their expectations, customers will be delighted, and will perceive service quality as excellent and vice versa (Parasuraman et al., 1985). Researchers agree that service quality precedes customer satisfaction (Parasuraman et al., 1996; Prentice et al., 2012), and found have direct influence on customer loyalty (Cronin and Taylor, 1992; Parasuraman et al., 1985). Several empirical studies confirmed that a higher level of service quality was related to a higher level of customer satisfaction (Brady and Robertson, 2001; Cronin, Brady and Hult, 2000; Dabholkar et al., 2000; Zeithaml et al. 1996).

Improving service quality depends on the business' ability to consistently meet the needs, as well as desires of customers. Service business can benefit and achieving competitive advantage by doing their best to create and maintain service quality, which can lead to customer satisfaction. This in turn will grant various benefits to the business for instance: (1) building strong relationships between the service business and customer, (2) providing a good basis for re-purchase activities, (3) encouraging customer loyalty, (4) creating recommendations by word-of-mouth which will promote the business, (5) creating a good corporate reputation in customer' minds, and, finally, (6) by prompting an increase in the service business's profits (Park et al., 2005; Rizan, 2010). This study focuses on service quality as an important consideration to mobile phone network business and greater service quality implementation tends to attain the customer satisfaction and customer trust. Therefore, the hypotheses are as follows:

Hypothesis 1: The higher the service quality is, the more likely that the mobile phone network providers will have greater customer satisfaction.

Hypothesis 2: The higher the service quality is, the more likely that the mobile phone network providers will have greater customer trust.

Hypothesis 3: The higher the service quality is, the more likely that the mobile phone network providers will have greater service loyalty.

**Relationship Quality**

Relationship quality is used to build relationships with customers, to develop these relationships further and maintain them over the long term, and, through this process, add value. The purpose of relationship quality is to create customer loyalty on the basis of their satisfaction (Berry and Parasuraman, 1991). Customers care about the relationship as a whole and judge it using past experience, expectations, predictions and desires (Crosby, Evans, and Cowles, 1990). Therefore, relationship quality has been defined as “creating long-term relationships with customers through marketing activities that attract, develop, maintain and enhance customer relationships (Berry, 1995). This studies relationship quality has been conceptualized as a construct consisting of two components, customer satisfaction and customer trust (Crosby et al., 1990; Dwyer and Oh, 1997; Hennig-Thuran and Klee, 1997). Prior study indicated the two components of relationship quality lead to achieving customer loyalty in service firm (Chumpitaz and Paparoidamis, 2007; Mittal and Kamakura, 2001; Morgan and Hunt, 1994). Therefore, this research proposes that relationship quality that consists on customer satisfaction and customer trust tends to obtain service loyalty for mobile phone network providers.

**Customer Satisfaction**

Customer satisfaction has been defined in various ways. Kotler and Armstrong (1996) define customer satisfaction as the level of a person's felt state resulting from comparing a product's perceived performance or outcome with his/her own expectations. Zeithaml & Bitnerand (2003) stated that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. According to Parasuraman et al. (1988) satisfaction is related to a specific transaction. Satisfaction with services is a desired outcome of service encounters, linking consumption with post-purchase occurrences such as attitude change. Customer satisfaction is one the studied areas in marketing, because it has become a important factor in achieving goals and performance, excellence for any business (Gerson, 1993; Munusamy and Chelliah, 2011).
Several businesses recognize that keeping current customers is more profitable than acquiring new customers to replace those who have been lost. In addition, considering the intense competition, just satisfying customers is not enough. Rather, they should be extremely satisfied, which can initiate customer loyalty and better long-term relationships with customers.

Previous studies show that an unsatisfied customer will communicate to an average on nine other people about bad experience (Hoffman and Bateson, 2006). This negative word-of-mouth can be very harmful, and can adversely impact the business’s reputation and profitability. The good news for marketers is, however, that if businesses satisfactorily resolve their problems, previously dissatisfied customers will spread this news to an average of five other people concerning the treatment they have received, and they will be more likely to do business again with the firm than non-complainers. Research indicated that satisfied customer tend to stay loyal to the service provider (Hallowell, 1996; Halstead and Page, 1992; Rust and Zahorik, 1993; Taylor and Baker, 1994; Woodside et al., 1989). Therefore, the mobile network provider response to customer needs lead to achieving better customer loyalty. This research proposes that customer satisfaction is a key component of relationship quality, and that higher satisfaction tends to obtain the customer loyalty. Therefore, the hypothesis is as follow:

Hypothesis 4: The higher customer satisfaction is, the more likely that the mobile phone network providers will have greater customer loyalty.

Customer Trust
Relationships with customer can foster an awareness of a shared relationship through trust. Higher levels of trust in turn are related to higher levels of customer retention, and this could result in higher organizational profitability (Morgan and Hunt, 1994). This mostly defines trust as a party that has confidence in the honesty and reliability of their partner. Moreover, trust is the willingness of the average customer to rely on the brand’s ability to perform its function (Chaudhuri and Holbrook, 2001). In terms of service, trust is the belief held by a customer that the service provider will provide the service that meets customer need (Anderson and Weitz, 1989). A key meaning that is reflected in this definition of trust is credibility. Credibility affects the long-term orientation of a customer by reducing the perception of risk associated with opportunistic behavior by the firm. Specifically, trust reduces uncertainty in an environment where customers feel vulnerable because they know they can rely on the trusted organization (Aydin and Ozer, 2005). Trust is an important factor in affecting relationship customer loyalty. Accordingly, when a customer trusts a business or provider, that customer is willing to form a positive buying intention towards the business or provider. The relationship between customer trust and customer loyalty is supported by reciprocal arguments. When service providers act in a way that builds customer trust, the perceived risk with the service provider is reduced, thus enabling the customer to make confident predictions about the service provider’s future dealings. Trust influences loyalty by affecting the customer’s perception of congruence in values with the service provider, and such value congruence is significantly related to the customer’s loyalty. (Chen and Xie, 2007; Du Plessis, 2010). This research proposes that customer trust is a key component of relationship quality, higher customer trust tends to obtain their loyalty. Therefore, the hypothesis is as follow:

Hypothesis 5: The higher customer trust is, the more likely that the mobile phone network providers will have greater customer loyalty.

Conceptual Framework
The relationship model, there are independent and dependent variables. The relationship quality is key determinant of service loyalty. It is hypothesized to have a positive relationship between relationship quality and service loyalty. Likewise, relationship quality included two components: customer satisfaction and customer trust. The research model presents the potential relationship between relationship quality and service loyalty. Moreover, the model shows that relationship quality influence on service loyalty, as shown in Figure 1.
3. Research Methods
3.1 Sample and Data Collection
This study, the customer of mobile phone network service in the Central Region on Thailand was selected as the population. A questionnaire was used as a primary data collection tool. The researcher collected data from customer of mobile phone network service in the Central Region (central region of Thailand including 22 provinces) This study largeness 3 size of provinces the large, medium and small. Bangkok is a large size, Phra Nakhon Sri Ayutthaya province is a medium size and Samut Sakhon is a small size. The respondents were selected through judgment sampling, which, in this case, involved the choice of customers who were in the best position to provide the information required for the study. The questionnaire survey 400 respondents. A self-administered questionnaire was used to obtain data over the period on January - March, 2015. The majority of respondent were female (62.80%), between 21 and 30 years old (29.00%), graduate (52.30%), employed us officer (30.80%), used AIS mobile phone network (42.60%). Relationship quality instrument included 4 items on customer satisfaction, customer trust and 4 items on service loyalty. All of these constructs were measured using a Likert-type scale ranging from 1 to 5, where 1 indicated “strongly disagree” and 5, “strongly agree”.

3.2 Reliability
In this point, we are concern about the validity and reliability on the study. For testing the validity, factor analysis has a high potential to inflate the component loadings. It was employed to test the validity of data in the questionnaire. The reliability of the measurements was evaluated by Cronbach Alpha coefficient. In the scales on reliability, Cronbach alpha coefficients are greater than 0.70 (Nunnally and Berstein, 1994). In this study, Cronbach alpha coefficient was higher than 0.70 and all constructs had values ranging from 0.75-0.89. Thus, internal consistency of the measures used in this study can be considered good for all constructs.

3.3 Statistical Techniques
An ordinary least squares (OLS) regression analysis was used to test the hypothesized relationships and estimate factors influencing the customer loyalty. OLS was in appropriate method for investigating the hypothesized association because independent and dependent variables were metric scales (Hair Joseph, Black, William, Babin, Barry, Anderson, Rolph, and Tatham, 2006).

4. Results and Discussion
Table 1 shows the OLS regression analysis results that indicated the relationship between service quality, relationship quality and customer loyalty. The results show that service and relationship quality have a significant positive relation to service loyalty. The study according to pervious studies found that a business that encourages relationship quality will precede service loyalty. Therefore, the business concerns are on relationship quality through development employees to responded to customer need and create good service higher than customer expectations. These have an influence on service loyalty

Table 1
OLS regression results of Customer trust, customer satisfaction and service loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>(\beta)</th>
<th>Adjusted R(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Quality</td>
<td>Customer Satisfaction</td>
<td>0.887***</td>
<td>0.786</td>
</tr>
<tr>
<td>2</td>
<td>Service Quality</td>
<td>Customer Trust</td>
<td>0.871***</td>
<td>0.758</td>
</tr>
<tr>
<td>3</td>
<td>Service Quality</td>
<td>Service Loyalty</td>
<td>0.672***</td>
<td>0.408</td>
</tr>
<tr>
<td>4</td>
<td>Customer Trust</td>
<td>Service Loyalty</td>
<td>0.640***</td>
<td>0.500</td>
</tr>
<tr>
<td>5</td>
<td>Customer Satisfaction</td>
<td>Service Loyalty</td>
<td>0.708***</td>
<td>0.450</td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01, ***p<0.001 *Beta coefficients with standard errors in parenthesis

The relationship between service quality on customer satisfaction and trust are presented in Model 1 and 2. The results showed that service quality has a significant positive relation to customer satisfaction and trust (\(\beta = 0.887\) and \(\beta = 0.871\)). Therefore, hypothesis 1 and 2 are supported. This result, according to pervious studies found that service quality preceeds customer satisfaction (Cronin and Taylor, 1992; Gruen et al., 2000; Parasuraman et al.,1996; Prentice et al., 2012). Several empirical studies confirmed that a higher level of service quality was related to a higher level of customer satisfaction (Brady and Robertson, 2001,Cronin, Brady and Hult, 2000; Dabholkar et al., 2000; Yang, Wu and Wang, 2009; Zeithaml et al. 1996). Therefore, the mobile phone network provider
concerns to building service quality and their response to customer higher expectations leads to creating customer satisfaction and previous study found that the service quality has influence on customer trust. For this study, the relationship between service quality and service loyalty is presented in Model 3. The results showed that service quality has a significant positive relation to service loyalty ($\beta = 0.672$). Therefore, hypothesis 3 is supported. This result according to previous study found that service quality directly influence customer loyalty (Cronin and Taylor, 1992; Parasuraman et al., 1985).

Moreover, the result showed the point of interest that the one component of relationship quality is customer trust as a mediation of relation between service quality and service loyalty. The relationship between service quality and service loyalty is significantly lower than the relationship between customer trust and service loyalty ($\beta = 0.672$, $p<0.001$ (Equation 3) lower than ($\beta = 0.708$, $p<0.001$ (Equation 5). When the beta coefficient of Equation 3 is considered, it is also smaller than the beta coefficient of Equation 5. Therefore, it is consistent with mediator testing following a study by Baron and Kenny (1989). The results mean that the relationship between service quality and service loyalty should be a mediating variable and increased strong to examine the relation. Moreover, when compared adjusted $R^2$ equal of the Equation 5 (customer satisfaction and service loyalty) it is greater than Equation 3 (service quality and service loyalty).

The relationship between customer satisfaction and service loyalty is presented in Model 4. The results show that customer satisfaction has a significant positive relation to customer loyalty ($\beta = 0.640$). Therefore, hypothesis 4 is supported. This result according to previous study found that the customer satisfaction tend to commit and stay loyal to the service of business (Anderson and Sullivan, 1993; Rust and Zahorik, 1993; Taylor and Baker, 1994 and Woodside et al., 1989). Consistent with the study of Deng, Lu, Wei and Zhang, (2009) which found that customers get satisfaction from good service. The main cause is a major influence on causing loyalty and has a positive relationship on service loyalty. Therefore, the mobile phone network providers concern are on building customer satisfaction, response to customer higher expectation lead to creating customer loyalty of businesses and competitive advantage.

Furthermore, the relationship between customer trust and customer loyalty is presented in Model 5. The results reveal that customer trust has a significant positive relation to service loyalty ($\beta = 0.708$). Therefore, hypothesis 5 is supported. This result is consistent with the study of Lia, Guob and Lee, (2011), which serve to build trust and confidentiality to its clients by focusing on the privacy of individual. It made an indelible impression on the customer service they receive. This contributes to the ongoing service. Therefore, mobile phone network providers needs to enhance customer trust through building and maintaining relationship quality, and building trust on service offer customer.

The mobile phone providers can satisfy customers regularly. This makes the client wish to continue using the mobile service network. It also plays an important role in encouraging customers to provide information about the quality of service they receive with others. The result will be a positive impact on the mobile service network provider’s performance. The information us received from the client, as the client will have greater reliability than information received from the service provider unilaterally. Moreover, the trust of customer on service will make than feel secure in using network services. Customer will continue to use the service. Thus, the mobile network provider should give priority to building and maintaining customer satisfaction and trust in order to continue to maintain the standard of service.

5. Contributions

Theoretical Contributions

This research attempts to gain clear understanding on the relationship between consequence of relationship quality by applying principal theoretical frameworks to explain the relationships. This research investigated the direct link in service quality and relationship quality to service loyalty in the case of mobile phone networks in the central region of Thailand. More interestingly, this study attempts to integrate the influence of relationship quality: customer satisfaction and customer trust. Overall, the results reveal that the hypotheses are accepted. It implies that this study can apply and encourage developments in relationship quality. This study confirmed that the relationship between service quality (customer satisfaction and customer trust) and service loyalty was significant. In fact, the mobile phone network providers emphasized on supported relationship quality, lead to acceptance form customer. More possibly, relationship quality can achieve the response of customer need and loyalty. Mobile phone networks will create higher differentiation than other competitors and greater profitability in the short and long term.
Managerial Contributions
This study enhances mobile phone network providers understanding of the relationship between relationship quality (customer satisfaction and customer trust) and service loyalty. With growing competition in industry becoming increasingly difficult responded to customer needs and achieve business goal. For this reason, the business attempts to find the best practice in order to create effective marketing implementation. In the context of marketing, the marketing director must be effectively manage and utilize the factors which emphasize relationship quality both short-term and long-term loyalty. Moreover, the providers should also plan to expand their other implementations to advanced business operations to continuously maintain and increase the level of customer satisfaction and trust. This empirical study helps to create solutions to business problems that provide the foundation for the business’s survival and achievement to competition. The benefit of relationship quality, the executive of mobile phone network should provide value resources and expand the capability of their business to encourage building effectiveness and create new opportunities in market.

References


