Antecedents of Customer loyalty in the Service Sector

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Abstract:
The Service sector in India had gained tremendous growth. In the phase of stiff competition every company wants to increase his market share and for the purpose to hold and grow his market share. The Business depends on two things; one is to attract more customers and second is to push existing customer to buy more. For attracting new customer organizations are spending lots and lots of money but if they are not able to retain the customer, they will soon be rolled out from the business. If customer carries loyalty toward the firm, it means they are attitudinally and behaviourally loyal to the firm. The loyalty can be created and by knowing factors which grow and cultivate loyalty, it becomes easy for the organization to retain their customer. In this paper, we are trying to extract the main factors which affect loyalty from the existing literature. These antecedents become the main factor, which an organization must focus in order to make customer loyalty. Service sector comprises of various different industries and each industry differs by n number of constraints and it is difficult for anyone to extract antecedent those who fit in every industry, but there are many antecedents common in every industry. After an extensive literature survey, we can find those common antecedents. In this Research paper, we try to extract antecedents which are common in every industry in the service sector.

Keywords: *Service Sector, customer loyalty, Satisfaction, Trust, Communication, Commitment, Corporate Image.*

1. Introduction

As per Economic survey report 2017-18, service sector the most important in terms expected growth i.e 8.3 % as compared with agricultural growth rate which is expected to be 2.1% for the financial year 2018 and industrial sector is expected to grow at the rate of 4.4% in the same period. Also, the service sector contributes 53% of Indian GDP for financial year 18.

The growth in any sector is always directly proportional to competition in that field. When there is growth, the competition also starts growing. When dealing with competition, one has to save his market share and tries to expand it. Now saving his share and expanding is possible only when the customer is loyal to the firm and that loyal person suggests the selected firm to anybody who seeks his or her advice. The loyalty is an important constraint if a firm wants to grow taller. Loyalty is a commitment by the consumer to purchase same product and service each time and every time. There is consistency in their decision making/buying behavior; this consistency comes from the customer's internal and external environment such as memory, learning, values, beliefs, word of mouth, media, store visits etc. There is no rule for making a person loyal, but there a many efforts, which a firm can do to make a person loyal. Loyalty creation is continuous process and once it is generated the customer re-buy a preferred product and service consistently despite of situational influences (Oliver, 1999).

The service industry is the most powerful sector in terms of the development of any economy. In India, it contributes about 53% of GDP. Growth in the service sector is also an indicator of social growth. It provides a wide range of services for highly professional to unskilled services. Acc The main

factors for the growth in this sector is due to growing affluence, improving the status of women, the growth of IT sector, development of markets, healthcare consciousness, Economic liberalization, Migration from Rural to Urban Areas, Export Potential and Service Tax. In the addition, the shift of FDI from manufacturing to Service sector also proved beneficial for the development of the sector. Service sector comprises Hotel, Transport, Storage, financial, real estate, trade, professional services, communication & services related to broadcasting, Public administration, defense & other services. (Gupte, 2015)

2. RELEVANT CONCEPT

Loyalty

Loyalty is a commitment by the consumer to purchase same product and service each time and every time. It is just like, we are ignoring other options. There is consistency in their decision making/buying behavior; this consistency comes from the customer's internal and external environment such as memory, learning, values, beliefs, word of mouth, media, store visits etc. It depends upon psychological construct of a person (Olson &Jacoby, 1971).Loyalty construct can be divided into further two constructs; first is attitudinal and second is behavioral. It's just like what we think is our attitudinal behavior or thinking behavior and second is how we act to purchase the product or action behavior. The important part is action loyalty or behavioural loyalty, just attitudinal loyalty is not sufficient (Jacoby & kyner, 1973). Recreation loyalty should be postulated as two-dimensional concept comprises of attitudinal and behavioral loyalty (Backman, 1987). The highest level of loyalty can be achieved only when there is high level of attitudinal loyalty and high behavioural loyalty, at the same time. And similarly when there is low attitudinal loyalty accompanied with low level of behavioural loyalty; the level of loyalty is least (Dick & Basu 1994). There are three popular conceptualizations. First loyalty as primarily an attitude that sometimes leads to a relationship with the brand, Second loyalty mainly expressed in terms of revealed behavior (i.e., the pattern of past purchases) and third that buying moderated by the individual's characteristics, circumstances, and/or the purchase situation (Uncles, Dowling & Hammond, 2003). Attitudinal loyalty is most important factor of loyalty (Thiele, 2005).

3. CUSTOMER LOYALTY ANTECEDENTS

From the previous literature, we have listed of more than twenty sectors including Service sector, Banking, Retail, Destination marketing, Fast food, Cell phone, Financial sector, Super Market, Online market, Apperals, Telecom, Gymnasium, Academic Library etc. The Key findings of their study is presented in the below table.

Table 1: Summary of Loyalty antecedents in the service sector

S. No	Field	Researcher/s	Year	Key Findings
1	Service industry (personal banking)	Zammit et al,	2000	Antecedents of loyalty are 1Service quality, 2.Satisfaction, 3. Involvement
2	Banking Sector	Cengiz et al,	2007	Antecedents of loyalty are 1. Bank image 2.Advertising efficiency
3	Conceptual Model	Liu and Pyne	2007	Antecedents are 1.Service quality,

				2. Perceived value and Five moderator (Involvement, usage rate, Relationship programs participations, Relationship age, Alternative attractiveness)
4	Banking sector	Eakuru and Mat	2008	Image is positively related to customer satisfaction
5	Retail	Adeniyi	2009	Antecedents are 1.Consistency, 2.Store facility 3.Service performance 4.An Impression of product and services, 5.Promptness of responses to customer request, 6.Product services meet expectation, 7.Complaint handling, 8.Experience and overall satisfaction, 9.Store image, 10 Guarantees, 11.Value, 12 Reliability of store advertisement, overall reputation, 13 Accurate record keeping, 14.Employees friendliness 15 overall relationship management
6	Destination Marketing	Kim	2010	1.Destination image, 2.Perceived value and 3.Satisfaction are the most useful elements of loyalty
7	Academic Library	Kiran et al	2011	Service value and service quality directly related to satisfaction which leads to loyalty
8	Fast food	Ling et al	2011	Antecedents are 1.Corporate image, 2.Perceived switching cost 3.Trust Also, validate that switching cost acts as mediator between trust and customer loyalty
9	Super-market	Lam hoang vu	2012	Antecedents are 1Service quality 2. Product quality 3. assortment 4.layout 5.Price fairness 6. Convenient
10	Online store	Delarosa et al	2012	Customer satisfaction act a mediator in a relationship of information quality,

				security, payment system, delivery, customer service, and online consumer loyalty
11	B2B	Akman & Yörür	2012	1.Trust 2.Satisfaction as their main antecedents
12	Life Insurance	Rai and Shrivastava	2013	1. Service Quality 2. Customer Satisfaction 3. Trust 4. Commitment 5. Corporate Image 6. Switching Costs 7. Communication
13	Customer loyalty and its antecedents: a conceptual framework	Boora and Singh	2012	1 Customer satisfaction 2 Communication 2 Commitment 3 Trust and 4 Conflict handling
14	FMCG, Durable goods and services	Ramona, L.G	2012	1.Brand awareness 2.Quality 3.Value 4. Satisfaction and 5. Switching costs
15	Business club	Kuo and chang	2013	Relational selling behaviour, service tangibility effect relationship quality and further enhance loyalty
16	Online Shopping	Pratminingsih, S.A	2013	1 satisfaction, 2 Trust, 3 Commitment
17	Online Store	Winnie et al,	2014	Antecedents are 1. Customer interface quality, 2. SERVQUAL, 3. Website quality, 4. Technology acceptance factors 5. Technology trust
18	Fast food Chains	Naguti	2014	Antecedents of customer satisfaction and trust 1.Food quality 2.Price, 3.Service quality 4.Restaurant environment Behavioural consequences are 1. Interpersonal communication, 2. Willingness to pay more and 3.Repeat purchase behaviour
19	Soft drink	Kolla and	2014	Antecedents are

	sector	Kumar		1.Brand Reputation 2.Customer Satisfaction
20	Retail	Valentina Stan,	2015	Antecedents are 1.Customer satisfaction, 2.Store image 3.Perceived value 4. Switching cost
21	Fast food Restaurants	Sulafah Bukhari	2015	Antecedents are 1.Restaurant atmosphere, 2.Price consciousness, 3.Service qualities 4.Food quality, 5.Menu People born after 1980 are more loyal and male population are more likely to visit fast food restaurants
22	Financial sector	Jiana Daikh	2015	Satisfaction is positively related to customer loyalty
23	Mobile Phone	Roustasekehravani and Hamid	2015	Antecedents of Loyalty(Attitudinal and behavioural loyalty) are 1.Brand personality 2.Customer satisfaction
24	Apparels	Taskın et al	2016	Antecedents of Loyalty 1.Brand communication, 2.Brand image, 3.Brand trust
25	Telecom sector	Dubey and Shrivastav	2016	Positive impact on service quality on customer loyalty and customer relationship management
26	Gymnasium	Bandyopadhyay	2016	Develop SERVGYM a 16 item instrument categorized in four labels namely, 1.Reliability 2.Customer Orientedness 3. Convenience and ambiance.
27	Service industry	Nedra and Bilgihan	2016	Satisfaction is related to customer loyalty but it is also mediated by relationship satisfaction
28	Armed forced health organization	Ismail et al	2016	Appropriate implementation of service quality leads to customer satisfaction and end with loyalty
29	Retail B2B	Mokhtar et al	2016	Antecedents are 1. Service quality, 2. corporate Image, 3.Customer trust, 4.Customer switching cost
30	Frozen Food Restaurants	Wasaya	2016	Antecedents are 1 service quality, 2 customer satisfaction

				3 customer value

Source: Compiled from previous research

On analyzing various studies we are able to conclude that Customer satisfaction, Service quality, Corporate image, Customer Trust, Commitment, Involvement, Value, Advertising efficiency, Communication, Conflict handling has major antecedent of Loyalty. On Analyzing all the antecedents suggested by the previous studies we have realized that many antecedents are the subset of one or another, after reclassifying the suggested antecedents we have concluded with five supersets in which we can exhaust most of the suggested antecedents. Broadly the supersets of antecedents are Customer Satisfaction, Corporate Image, Trust, Commitment and Communication.

3.1 Customer satisfaction

The Sense of accomplishment after consuming good can be referred as customer satisfaction. Every consumption stands for a motive whether physical, mental or any purpose. It's not possible that every act of consumption ends with satisfaction. Satisfaction is a subjective aspect and varies from person to person and important to equate the perceived quality with offering served. When we consume anything, before consumption our mind outlay an image of offering which the consideration of advertising effort by the entity, word of mouth, his personal needs, impact of ambiance and all these things summate to a perceived value and if the perceived value is equal to the value served then the customer feel satisfied. Customer satisfaction is very important antecedent as if a person is satisfied only when he shows the commitment which leads to loyalty. It is also to be added that the commitment level determines the level of loyalty. Backman, (1988) suggest that involvement, service quality, customer satisfaction leads to Loyalty. The purchase decisions of a loyal customer may become a habit in nature (Soloman, 1994). Zammit,2000;Cengiz et al,

2007; Eakuru & Mat, 2008;Adeniyi, 2009; Kim , 2010;Kiran et al 2011;Ling et al, 2011; Delarosa et al,2012;Akman &Yorur ,2012;Rai and Shrivastava ;Kollar and Kumar 2014;Valentina stan, 2015;Jiana Daikh, 2015;Nedra and Bilgihan, 2016;Ismail et al, 2016;Wasaya, 2016 also validate the positive relation of satisfaction with Loyalty

3.2 Trust

In terms of customers and their buying behavior, trust is vulnerable. Trust means "a belief of reliability". In the context of Service restaurants trust means when a customer believes that, the services provided to him always cater his expectations. The personal belief to make repeated visits to a particular outlet/brand and trust is not a one day show but can be built by maintaining and delivering a quality of food, service, and ambiance expected by the customer. The trust builds when the expectation or perceived value meet delivered value each and every time consistently. It needs to be a consistent behaviour of perfection by the firm. Many researchers highlighted trust as the antecedent for loyalty. Trust as a party's belief, that its needs will be satisfied by the future action of other party (Anderson & weitz, 1989). Morgan and Hunt, 1994; Mayer et al., 1995; Chaudhuri & Holbroook, 2001; Bowen & shoemaker, 2003; Aydin & Ozer, 2005; Eakuru & Mat, 2008;Ling et al,2011;Kaur and Soch, 2012; Akman & Yorur, 2012; Rai and Shrivastava, 2013;Winnie et al, 2014;Naguti, 2014; Taskın et al, 2016; Mokhtar et al, 2016 found positive impact of trust on customer loyalty .

3.3 Commitment

In the service sector, Commitment refers to the willingness of a company to provide consumer's perceived value consistently and vice a versa, from

company's point of view is opting same service provider consistently. Relationships are built by mutual commitment (Parasuraman, 1991). Commitment in a relationship is a psychological state where a client has plans to continue the relationship with his existing supplier Morgan and Hunt, (1994). Customer commitment is another factor affecting loyalty. Oliver, 1997; Pritchard, 1991;Luarn and Lin 2003; Eakuru et al, 2008; Ling et al 2011; Jalali Seyyed et al. 2013;Rai and Shrivastava, 2013 also found commitment as antecedents of loyalty.

3.4 Corporate Image

Formation of image is psychological process, In this process, mind collect the impressions while interacting with people, place and process. And store it in the memory; interaction can be with the means advertising/branding or physical interaction to with people, place or process. Customer decision making if guided by these collected impression. The Image is the perceptions presented by consumer's memory about the organization (Keller, 1993). Perceived image is formed by the advertising effort by the entity, word of mouth, his personal needs, impact of ambiance experiences, feelings. Building a brand image is a very difficult task, but after this difficult situation, a roadmap is clear in the mind of the customer and the chances of becoming loyal increases. Aaker, 1996; Ball et al., 2004;Cengiz et al., 2007; Eakuru & Mat., 2008; Adeniyi, 2009; Kim,2010; Ling et al, 2011; Akman &Yorur, 2012; Rai and Shrivastava, 2013; Kollar and Kumar, 2014; Valentina stan, 2015;Taskinet al, 2016; Mokhtar et al., 2016 also validate positive impact of brand image on loyalty

3.5 Communication

In the Service sector communication is a process of explaining the services offered by the firm, taking care if the customer is having any problem and solving that problem to provide hazel free service. The maintaining a comfortable zone so that the interaction is hesitation free is the utmost urgency.

Customer will ask for any query and a suitable solution is provided in very gentle and pleasing way. Generally when we discuss about service sector the communication generally revolves around explaining the service, its costs and assisting him/her if needed and explaining the trade-offs between service and cost (Parasuram et al., 1985). J.Carpenter & Faithurt ,2006; Akman & Yörür, 2012; Smarto et al., 2012; Rai et al., 2013; Nagauti, 2014; Taskın et al, 2016 they all conclude that communication has a positive impact on loyalty.

4.DISCUSSION AND IMPLEMENTATION

After an extensive survey of the literature, we found that there are five antecedents which affect customer loyalty. These antecedents are trust, satisfaction, communication, corporate image, and commitment. The literature survey proved a positive relationship of all identified antecedents with loyalty. The proposed model may help managers to keep customer loyal and can make efforts to improve proposed antecedents.
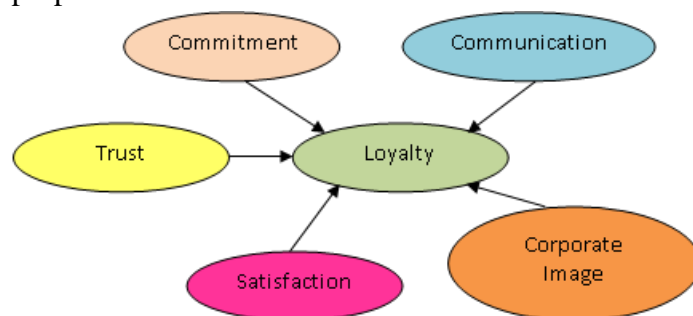

Fig-1 Suggested Model of antecedents of Customer loyalty in the Service Sector.

This research was completed by collecting the data present in literature studies related to service sector and tried to make it useful for most of the service sector thus require testing on different parameters before processing the presented results. Many researchers coincide with the identified antecedents. According to the literature, these are important antecedents are in respect of service sector and due to the difference in the nature of decision making they can be replaced by the other antecedents in

other sector or some other can be added. Also, it becomes difficult to identify a universal set of antecedents that fits in all industries in the service sector; one has to tailor these antecedents according to the nature of business and decision making. It is recommended that these antecedents should be tested on specific business to arrive at the best-suited estimation of their relationship with loyalty.

5. RECOMMENDATION FOR FURTHER RESEARCH

Most of the literature suggests that the loyalty is made up two construct attitudinal and behavioral and after the validation of suggested antecedents, further course of action is to determine the impact of different antecedents on the attitudinal and behavioral part and the extent of that impact is another notable clause. The importance of which type of loyalty either attitudinal or behavioural is more, it is also a debatable issue. Nobody can find a universal suit that fits to all , similarly in different sectors or different firms may have different antecedents depending upon their offering. So classification and adaption of different antecedents related to different sectors/firms can be done. Different researchers use different tools to evaluate the impact of loyalty in different sectors and in the service sector, this type of tool is missing. Hence further course of action is to validate these antecedents and to construct a tool to evaluate loyalty.

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