

Impact of service value on service satisfaction and behavioral intentions: Mediating role of switching barrier

Muhammad Usman Babar¹,

¹*Master of Business Administration in Marketing, Foundation University Institute Of Engineering And Management Sciences New Lalazar Rawalpindi Cantt Pakistan*

Abstract: *This study investigates to find the impact of service value on service satisfaction and behavioral intentions. The study was cross sectional and causal in nature. Data was collected from the passengers of Daewoo Bus Service, Faisal Movers and Skyways. 250 questionnaires were got filled and data was analyzed through correlation, regression and mediated regression analysis. Questionnaires were adopted from already developed questionnaires. It was concluded that service value is an important variable and has direct and positive influence on satisfaction and behavioral intentions. Moreover, the service value also reduces the switching behavior of the customers and stops them to select another competitor. Switching behavior also mediates the relationship of service value and customer satisfaction. Higher the service value lower will be the switching intentions of the passengers of bus services. All bus services must focus on creating more service value to retain the customers for a longer run to increase the profitability. Bus services must not ignore the importance of switching behavior and must focus on increasing the satisfaction and behavioral intentions and try to reduce the switching behavior.*

I. Introduction

In the current era, there has been high competition within market that persuades companies to arrange multiple factors to satisfy customers in an effective manner. In addition, cost of customer acquisition is also very high as compared to that of customer retention that persuades marketers to take measures for supporting customer satisfaction and reducing customer switching behavior. This study has been aimed at finding relationship between service quality, customer satisfaction and behavioral intentions. Service environment has become an important aspect for customers to consider while visiting a service store. It is also expected that service environment plays important role in delivering services according to specifications and demands of customers. It is old saying that there is no chance for creating first impression, and in this respect, service environment can be viewed as a factor that creates first impression on customers regarding service quality. However, this aspect of service environment has been conflicted within service quality literature because it may include multiple tangible aspects (Hooper et al., 2013). Service value is often described as servicescape. This particular study has been conducted to evaluate that how service value serves as an antecedent to service satisfaction. For this reason, service value literature has been explored while evaluating its influence on behavioral intentions and switching barriers.

The term servicescape was first introduced by Bitner (1992) and after this, several studies have been conducted to analyse the influence of servicescape on post purchase behavior and intentions of customers including customer satisfaction (Johnson et al., 2004), service quality (Reimer and Kuehn, 2005), organizational image (Baker et al., 1994), and behavioral intentions (Harris and Ezech, 2008; Hooper et al., 2013). On the whole, all these studies have revealed a positive influence of servicescape on these service dimensions. This emphasizes the role and influence of servicescape on service quality delivered by organizations. In the recent past, theoretical aspects of servicescape have been extended to include other dimensions such as switching barriers and behavioral intentions (Vilnai-Yavetz and Rafaeli, 2007; and Hooper et al., 2013). However, it is important to note that most of studies have been conducted in the western aspects. The literature stream about servicescape and its evaluations is rare in perspective of Pakistan. This suggests that there is literature gap on this topic that needs to be filled by further studies. Moreover, there are still certain ambiguities regarding influence of servicescape on switching barriers and behavioral intentions.

This study has been conducted to analyse the impact of service value on service satisfaction and behavioral intentions while analyzing the mediating role of switching barrier within retail sector of Pakistan. Furthermore, these objectives are developed for this study: 1) to analyse the theoretical aspects of servicescape and its influence on behavioral intentions including customer satisfaction, 2) to examine the service value delivered by organizations in the retail sector of Pakistan, 3) to assess the impact of service value delivered by retail organizations on customer satisfaction, 4) to evaluate the influence of service value delivered by retailers on switching behavior of customers, and 5) to propose recommendations to retailers in Pakistan for improving service value.

II. Literature Review

Service value

The term 'service value' originated in 1950s by Feigenbaum (Milakovich, 2005). Mittal and Gera (2012) defined service value as the tradeoff between perceived sacrifice and perceived benefits. This definition of service value can provide more critical insights of behavioral intentions. For some researchers, service value is imperative for influencing behavioral intentions (Choi et al., 2004; and Pura, 2005; Lu et al., 2011). Within marketing literature, scholars have noted that service value is the overall customers' assessment of product's utility that is based on the perception of what is delivered and what is received (Mittal and Gera, 2012).

Behavioral intention

This term was found by Fishbein and Ajzen (1975). The term behavioral intentions refers to the likelihood of an individual that he or she will engage and pursue a particular behavior (Balabanis et al., 2006). Prior literature has suggested that undersigning behavioral intentions is important for marketers to get detailed insights to customer satisfaction and repurchase intentions (Balabanis et al., 2006; Huang et al, 2007; and Ranaweera & Prabhu, 2003; Lu et al., 2011). In this respect, this paper has explored behavioral intentions in context of service value.

Service satisfaction

Within traditional marketing literature, customer satisfaction has been explained as the overall assessment of service quality and product attributes by customers (Balabanis et al., 2006). In this regard, customer satisfaction can be explained as antecedent of service quality. However, the dominate literature reveals that service quality is the cognitive judgment of customers about product or service whereas satisfaction is related with effective assessment of customers (Cronin et al., 2000; Lu et al., 2011).

Switching barrier

When switching aspects are considered by customers, alternative attractiveness is one of important concept described in marketing literature (Yim, Cjan, & Hung, 2007). It is basically the estimate of customers of the likely satisfaction derived from an alternative relationship with another product or service provider (Patterson & Smith, 2003). Competitors attract customers to switch towards them by offering attractive benefits such as high service quality, brand image and low rates (Yim, Cjan, & Hung, 2007).

Service Value, Service satisfaction, Behavioral intention and Switching barrier

Service quality has been defined as the judgment of customers about the overall excellence of the services that has been conceptualized as the evaluation that is based on the difference between perceived performance and customer expectations (Mittal and Gera, 2012). The service quality can take place at different levels that range from customer evaluation at particular levels of attributes to abstract levels of quality evaluation and linking customer perception to the overall perception of quality (Lin et al., 2008). On the other hand, perceived value has been explained as the overall customers' assessment of product's utility that is based on the perception of what is delivered and what is received (Yim, Cjan and Hung , 2007; Molinari, Abratt and Dion, 2008).

Customer satisfaction has been explored as the effective state of customers with positive feelings that results from overall experience of consuming the products and services (Greenland, Coshall and Combe, 2006). Satisfaction can be related with the transaction or with the overall image of the company. The transaction satisfaction is the one in which customers are more likely to be satisfied with the particular transaction whereas cumulative satisfaction determines the overall evaluation of customers with the company. Lin, Lee and Jen (2008) defined behavioral intentions as the perceived likelihood or probability of individuals that they will engage in the behavior. Simply, intention determines the amount of effort that is inserted by individuals for attaining a particular goal or meeting a specific need. In most of previous theories, behavioral intentions have been explored as predictor of behavior of individuals for engaging in a particular behavior (Ledden, Kalafatis, and Samouel, 2007).

The switching behavior refers to the intentions of customers to switch from one service provider to the other (Chang, and Chen, 2008). Customers develop intentions to switch from one organization to the other because of several factors such as price, cost and benefits.

Service value and Customer satisfaction

Chiou (2004) has demonstrated that customer perceived value is the determinant of customer satisfaction in service industries. Several authors have explained that positive perceived value of customers results in higher customer satisfaction within service organizations (Park, Robertson and Wu, 2006). Several researchers have explored that service perceived value determines the repurchase intentions of customers (Ha

and Jang, 2010; Lianga and Zhangb, 2011). In this respect, perceived value is often considered as synonyms of customer satisfaction. In this respect, it is expected that higher perceived value results in customer satisfaction and lower intentions to switch the organization.

Service value and Behavioral intentions

In several studies, behavioral intentions have been discussed in relation to positive and direct association between customer satisfaction and behavioral intentions (Jen, Tu and Lu, 2011; Chang and Chen, 2008). Ha and Jang (2010) suggest that satisfaction with particular product is influenced by the post purchase behavioral intentions of customers. In the same vein, Kim et al. (2009) have explored that customer satisfaction is positively influenced with the return intentions and positive word of mouth regarding the services offered by an organization. This implies that behavioral intentions are related with the perceived value of customers.

Service value and Switching barrier

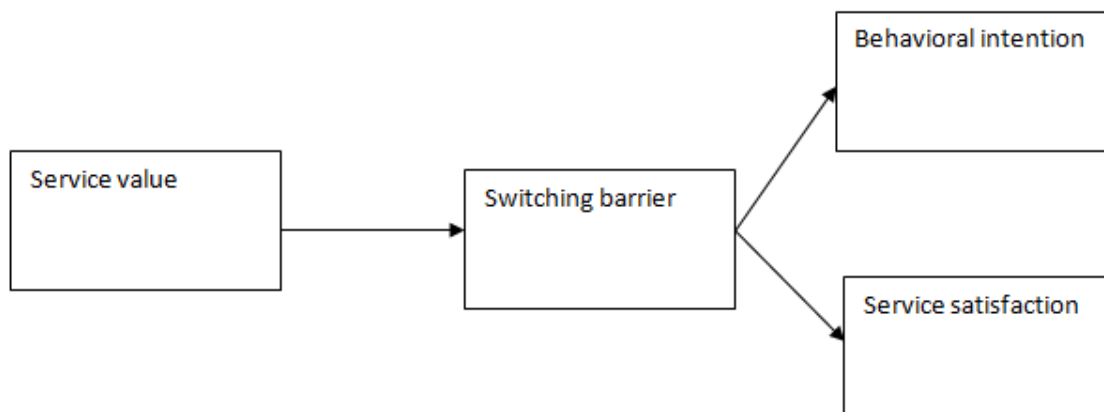
In this respect, switching behavior is also influenced by switching cost that may also serve as switching barrier. Ha and Jang (2010) defined switching cost as the cost in monetary and nonmonetary terms that mat change from one supplier or service provider to the other. However, switching barriers may also include economic, psychological, and physical dimensions. In addition to this, continuity costs, sunk costs and learning costs may also be referred as the switching barriers. Han, Kima and Hyunb (2011) suggest that customers perceive switching cost either in positive or negative manner. In this respect, Jones et al. (2007) suggest that switching cost is depending on the type of barrier, switching barriers may differ from customers to customers. This implies that switching barriers do not apply in a consistent manner to all customers across all services.

III. Research Method

The study was cross sectional and causal in nature. The purpose of the study is hypothesis testing. Data was collected from the passengers of Daewoo Bus Service, Faisal Movers and Skyways. 250 questionnaires were got filled and data was analyzed through correlation, regression and mediated regression analysis. Questionnaires were adopted from already developed questionnaires.

Theoretical/Conceptual framework of the study

Figure 1 presents the conceptual framework of the study.



Study Hypotheses

On the basis of literature evidence, following hypothesis has been developed:

By studying the literature, following hypothesis has been proposed for the study:

H1: Service value has positive impact on the customer satisfaction.

H2: Service value has a significant influence on behavioral intentions.

H3: Service value has negative influence on switching behavior.

H4: Switching behavior mediates the association between service value and customer satisfaction.

H5: Switching behavior mediate the association between service value and behavioral intentions.

IV. Data Analysis

If model has more than two dependent variables Structural Equation Modeling is better technique to analyze the data. AMOS was used to analyze the data. After meeting all the requirement of CFA path analysis was run.

Fig. 1 Path analysis

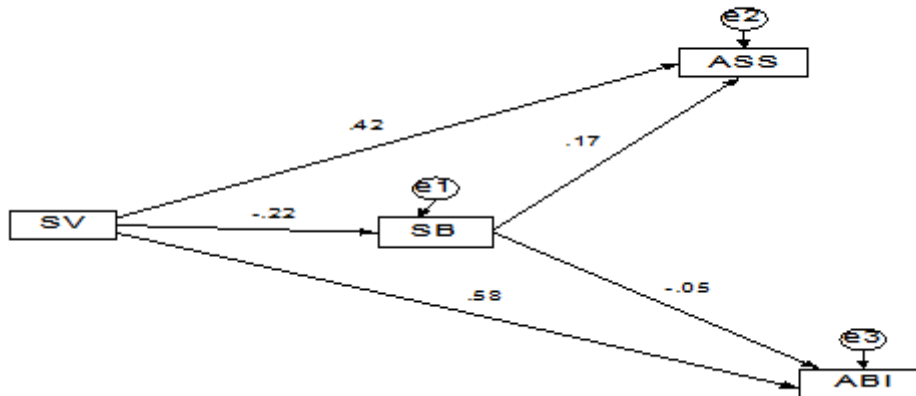


Table 1 Regression Weights: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
SB <--- SV	-.273	.066	-4.165	***	
ASS <--- SV	.315	.038	8.335	***	
ABI <--- SV	.407	.031	13.028	***	
ASS <--- SB	.102	.030	3.381	***	
ABI <--- SB	-.031	.025	-1.238	.216	

Table 2 Standardized Regression Weights: (Group number 1 - Default model)

	Estimate
SB <--- ASV	-.218
ASS <--- ASV	.416
ABI <--- ASV	.576
ASS <--- SB	.169
ABI <--- SB	-.055

From table 1 and 2 it is clear that service value has a positive impact on customer satisfaction. The values are in line with the parameters of acceptance of hypothesis 1. Same is of second hypothesis which states that service value has a significant influence on behavioral intentions. As per the values of table 1 and 2 hypothesis turnout to be true. Third hypothesis i.e. service value has negative influence on switching behavior. As per p value and CR the negative influence is determined which makes the third hypothesis to be true as well. Next two hypothesis relates to mediation analysis. As shown in table 1 and 2 that switching behavior has no impact on behavioral intentions, one of the prerequisite of the mediation. Mediation for hypothesis 5 cannot be run proving hypothesis not true.

Mediation Analysis (Bootstrapping-2000)

	Beta	Direct affect significance	Bias Corrected Percentile Method	Upper Bound	Lower Bound
ASS<---SB<---SV	-.037	.001	.001	.017	.064

Mediation for hypothesis 4 i.e. switching behavior mediates the association between service value and customer satisfaction was run. Values of indirect and direct affect prove a partial mediation of switching behavior.

V. Conclusion

Service value is an important variable and has direct and positive influence on satisfaction and behavioral intentions. Moreover, the service value also reduces the switching behavior of the customers and stops them to select another competitor. Switching behavior also mediates the relationship of service value and customer satisfaction. Higher the service value lower will be the switching intentions of the passengers of bus services. All bus services must focus on creating more service value to retain the customers for a longer run to increase the profitability. Bus services must not ignore the importance of switching behavior and must focus on increasing the satisfaction and behavioral intentions and try to reduce the switching behavior. Future studies may focus branding, brand equity and fares to understand the studied concept in multiple dimensions.

References

- [1]. Mittal S., and Gera R. (2012). Relationship between Service Quality Dimensions And Behavioural Intentions: An SEM Study Of Public Sector Retail Banking Customers In India. *Journal of Services Research*, Volume 12, Number 2
- [2]. Greenland, S., Coshall, J., Combe, I. (2006) 'Evaluating service quality and customer satisfaction in emerging markets', *International Journal of Consumer Studies*, 30: 6, pp. 582-90.
- [3]. Molinari L.K., Abratt, R. and Dion, P. (2008) 'Satisfaction, quality, value and effects on repurchase and word of mouth behavioural intentions in a B2B services context', *Journal of Services Marketing*, 22:5, pp.-363-373
- [4]. Yim, C.K., Cjan, K.W., Hung, K. (2007). Multiple reference effects in service evaluations: Roles of alternative attractiveness and self-image congruity. *J. Retail.* 83(1), 147-157
- [5]. Park, J.W., Robertson, R., Wu, C.L. (2006). Modelling the impact of airline service quality and marketing variables on passengers' future behavioral intentions. *Transp. Plan. Technol.* 29(5), 359-381
- [6]. Lin, J.H., Lee, T.R., Jen, W. (2008). Assessing asymmetric response effect of behavioral intention to service quality in an integrated psychological decision-making process model of intercity bus passengers: a case of Taiwan. *Transportation* 35(1), 129-144
- [7]. Ledden, L., Kalafatis, S.P., and Samouel, P. (2007). The relationship between personal values and perceived value of education. *J. Bus. Res.* 60(9), 965-974
- [8]. Jen W., Tu R., and Lu T. (2011). Managing passenger behavioral intention: an integrated framework for service quality, satisfaction, perceived value, and switching barriers. *Transportation* (2011) 38:321-342
- [9]. Lianga R., and Zhangb J. (2011). The Effect Of Service Interaction Orientation On Customer Satisfaction And Behavioral Intention: The Moderating Effect Of Dining Frequency. *Procedia Social and Behavioral Sciences* 24 (2011) 1026-1035
- [10]. Ha, J. and Jang, S. (2010), Perceived Values, Satisfaction, and Behavioral Intentions: The Role of Familiarity in Korean Restaurants, *International Journal of Hospitality Management*, 29, pp.2-13.
- [11]. Han H., Kima W., and Hyunb S., (2011). Switching intention model development: Role of service performances, customer satisfaction, and switching barriers in the hotel industry. *International Journal of Hospitality Management* 30 (2011) 619-629
- [12]. Kim, W.G., Ng, C.Y.N. and Kim, Y.S. (2009), "Influence of international DINESERV on customer satisfaction, return intention, and word-of-mouth", *International Journal of Hospitality Management*, Vol. 28 No. 1, pp. 10-17.
- [13]. Chiou, J.S. (2004), "The antecedents of consumers' loyalty toward internet service providers", *Information and Management*, Vol. 41 No. 6, pp. 685-95
- [14]. Chang, H.H. and Chen, S.W. (2008), "The impact of customer interface quality customer satisfaction and switching costs on e-loyalty: the moderating role of internet experience", *Computers in Human Behavior*, Vol. 24, pp. 2927-44
- [15]. Jones, M.A., Reynolds, K.E., Mothersbaugh, D.L. and Beatty, S.E. (2007), "The positive and negative effects of switching costs on relational outcomes", *Journal of Service Research*, Vol. 9 No. 4, pp. 335-55.
- [16]. Cronin, J.J. Jr., Brady, M.K., & Hult, G.T.M. (2000). Assessing the effect of quality, value and customer satisfaction on consumer behavioral intention in service environment. *Journal of Retailing*, 76(2), 193-218.
- [17]. Patterson, P.G., & Smith, T. (2003). A cross-cultural of switching barriers and propensity to stay with service providers. *Journal of Retailing*, 79(2), 107-120.
- [18]. Balabanis, G., Reynolds, N., & Simintiras, A. (2006). Bases of e-store loyalty: Perceived switching barriers and satisfaction. *Journal of Business Research*, 59(2), 214-224.
- [19]. Ranaweera, C., & Prabhu, J. (2003). The influence of satisfaction, trust and switch barriers on customer retention in a continuous purchasing setting. *International Journal of Service Industry Management*, 14(4), 374-395.
- [20]. Huang, L.T., Cheng, T.C., & Farn, C.K. (2007). The mediating effect of commitment on customer loyalty towards e-brokerages: An enhanced investment model. *Total Quality Management*, 18(7), 751-770.
- [21]. Choi, K.S., Cho, W.H., Lee, S., Lee, H., & Kim, C. (2004). The relationships among quality, value, satisfaction and behavioral intention in health care provider choice: A South Korean study. *Journal of Business Research*, 57(8), 913-921
- [22]. Pura, M. (2005). Linking perceived value and loyalty in location-based mobile service. *Managing Service Quality*, 15(6), 509-538
- [23]. Lu T., Tu R., and Jen W. (2011). The role of service value and switching barriers in an integrated model of behavioural intentions. *Total Quality Management*. Vol. 22, No. 10, pp. 1071-1089
- [24]. Milakovich M. (2005). *Improving Service Quality in the Global Economy: Achieving High Performance in Public and Private Sectors*, Second Edition. CRC Press
- [25]. Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention, and behavior: An introduction to theory and research*. Reading, MA: Addison-Wesley.