A Study of the Relationships between Service Quality, Satisfaction, Loyalty and Intention to Switch to other Treatment Centers (ITS)
(Case Study: Treatment Centers in Tehran City)

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Abstract – The present paper aims at exploring the relationship between service quality dimensions with satisfaction and loyalty. A new aspect addressed by this study is the relationship between the patients’ loyalty and satisfaction with their intention to switch to other treatment centers which had been neglected by previous research. The results indicate that the relationship between service quality, satisfaction, loyalty and intention to switch to other treatment centers is significant.

Keywords – Service Quality, Satisfaction, Loyalty, Intention to Switch to other Treatment Centers.

INTRODUCTION

The competition among corporations and enterprises to obtain larger market shares, and the customers’ efforts to achieve higher satisfaction has led the enterprises to seek a distinct position in the market and at the same time the customers to get clues to reach the best suppliers. Achieving these goals is closely related to two concepts: service quality and intention to switch to other competitors. Due to their specific qualities, an examination of these two concepts is more sensitive and more important in service markets, is of great importance for the service providing organizations. One category of such enterprises and corporations performing in the service provision field and the role and significance of which is not negligible in the domestic economy and development includes treatment centers (Gohari & Tabibi, 2011; p.3). Thus, it seems that exploring the relationships between the service quality and the intention to switch to other competitors might positively influence the enhancement and improvement of services provided by the treatment center on one hand, and obtaining higher levels of customer satisfaction on the other. How to achieve this great may be one of apparent problems in services providing organizations and especially in treatment centers. Service quality, customer satisfaction, customer loyalty and intention to switch to other competitors are very important notions in today’s marketing.

Many studies have measured them and explored their nature, and their interrelations. Previous research has demonstrated their importance and proved that they are different and separated notions although there is no consensus on their sequence. Thus, there is still doubt on whether the managers should focus on improving service quality and its various components as a tool for inducing desirable behavioral intentions in customers or emphasize the importance of customer satisfaction. In today’s era of knowledge and ultra-industrialization, rapid changes and technological developments have forced the organizations to think globally, preparing themselves to face unpredicted competitions.

In a world where changes are happening too quickly, emergence of competition for providing services and manufacturing goods, with high quality and affordable prices, poses a threat to organizations. Surveying the features, beliefs and expectations of the organizations’ clientele may both help modify organizational processes and entail the satisfaction of their services users.

Management experts regard the customer satisfaction attainment as one of the most important duties and priorities of organizational managers, stating that the managers’ perpetual commitment to customer satisfaction attainment is the main requirement for success.

On the other hand, all organizations have realized that customer satisfaction depends on increased quality of goods and services; and that one of the most important advantages of customer satisfaction achievement is the development and the provision of quality services. Discussions on service quality are highly sophisticated. It is very difficult to define and measure the services provided by a service organization such as a treatment center. The evaluations indicate that the customers’ perception of services (perceived service) is formed within the frame of their expectations.

THEORETICAL FRAMEWORK

Overall costs of attracting a new customer or dissuading a customer from the competitors are quickly increasing and substantially go beyond the costs of retention of an existing customer (Kotler et al., 2003). Considering the undesirable consequences of customer switching such as reduced sales and market share, reduced profits and elevated marketing costs (Rust, 1995), service providers are considerably concerned about retaining their customers (Han & Back, 2008; Rust, 1999).

SERVICE QUALITY

Quality is an important and critical issue. If organizations elevate the standards of their
service/products quality, they will be able to achieve tangible success in the global market. Service quality is a key element of success in today’s competitive environment. Researchers believe that quality is nothing but meeting the clients’ needs. On this basis, it was found out that services the customers get would form their view on services based on their past experiences and such trends are specified through the satisfaction levels the customers obtain in relation with organizational services. The management of the organizational services department always focus on elevating the quality of their services and meeting the employees’ desires by considering the customers’ demands, thus, increase their organizations’ profitability by enhancing the productivity and reinforcing their reputation in local and global markets, which enables them to remain active in the professional environment for the customers who are benefitted from their services and to survive through the continued demands for access to their services/products.

**SERVICE QUALITY AND CUSTOMER SATISFACTION**

Quality is only one of numerous dimensions on which satisfaction is founded. Also, satisfaction has a potential effect on future quality perception (Clemes, 2008). Service quality is an important tool for customer satisfaction measurement (Hazlina et al., 2011). Empirical studies show that service quality is related to overall customer satisfaction. According to Jamal & Anastasiadou (2009), reliability, tangibility and empathy have positive relationships with customer satisfaction. Suliman (2011) found that reliability, tangibility, responsiveness and trust have positive and significant relationships with customer satisfaction. In addition, Ravichandran et al. (2010) stated that responsiveness is the only significant component of service quality with a positive effect on customer satisfaction.

**CUSTOMER LOYALTY AND INTENTION TO SWITCH TO OTHER COMPETITORS**

Currently, customers determine the organizations’ survival in the global economy; and organizations cannot be indifferent towards the customers any longer: they should focus all of their activities and capabilities on customer satisfaction because the customers are the only resource of return on investment (Lazarvic & Petrovic, 2007). Organizations should develop their activities by satisfying the receivers of their services in order to be able to retain their advantages in a competitive environment. Some advantages of loyalty include: improved profitability, reduced marketing costs, increased sales with lower price sensitivity. Loyal customers provide much word-of-mouth advertisement for the organization and probably refer to the organization more frequently.

T Bowen (2001) stated that loyal customers, known as ‘marketing force’, amazingly introduce the organizations’ products and service to their acquaintances through word-of-mouth and recommendations. In fact, providing service to the customers has lower costs for the organizations. Many organizations develop customer loyalty programs as part of their public relations. Customer loyalty is a complex concept and refers to the intention to repurchase and the analysis of the service receivers’ pay. Growing customer loyalty ensures the organizations’ future revenues with the actual customers and therefore, customer loyalty is the ultimate goal of organizations (Evans and Foxell, 2009).

In their 2008 study, Souki & Filho examined the perceived service quality, customer satisfaction and customer loyalty. They found that the higher the customers’ perceptions of services, the more they will be satisfied with the received quality and it is probable that they refer in the future to receive those services and recommend the actual supplier/provider to other users as well.

**RESEARCH METHOD AND DATA COLLECTION**

The population of the present study includes the clients of treatment centers in Tehran city. Questionnaire was used to gather the needed data and Likert scale which is one of the most common scale types for measuring attitudes. This scale consists of an orderly set of items formulated in a specific way. Those items offer specific states/modes of the phenomenon being measured in the form of items with equal intervals in terms of measurement value. The present study uses a five-point Likert scale (5= totally agree; 1= totally disagree) to measure the variables. Regression and structural equations modeling (SEM) were applied for data analysis. Table 1 summarizes the distribution of the sample in terms of the respondents’ age.

<table>
<thead>
<tr>
<th>Age Groups</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29 year olds</td>
<td>23.3</td>
<td>23.3</td>
<td>94</td>
</tr>
<tr>
<td>30-39 year olds</td>
<td>527.2</td>
<td>33.7</td>
<td>136</td>
</tr>
<tr>
<td>40-49 year olds</td>
<td>69.2</td>
<td>11.9</td>
<td>48</td>
</tr>
<tr>
<td>Over 50 year olds</td>
<td>100</td>
<td>30.7</td>
<td>124</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>402</td>
</tr>
</tbody>
</table>

Table 2: Cronbach’s alpha coefficients obtained for research criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Cronbach’s alpha coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>0.804</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.793</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.797</td>
</tr>
<tr>
<td>Intention to Switch</td>
<td>0.813</td>
</tr>
</tbody>
</table>

**RESEARCH MODEL AND HYPOTHESES**

The variables examined by the present paper are presented in the following conceptual model.

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Here are the research hypotheses:

H1. There is a significant relationship between service quality and customer satisfaction.

H2. There is a significant relationship between service quality and customer loyalty.

H3. There is a significant relationship between customer satisfaction and intention to switch to other competitors.

H4. There is a significant relationship between customer loyalty and intention to switch to other competitors.

**TESTING HYPOTHESES USING PATH ANALYSIS**

Path analysis was applied to test the hypotheses and to verify the model integrity. Since in the path analysis and in the SEM, all model hypotheses are tested altogether and in the lump, the results are presented in the form of a diagram and a table as depicted below. The noticeable thing in this method is that the model that the researcher has formulated using theoretical foundations and related literature is being tested here; and regarding the analysis output, in the form of correction indices for model fitness, it may be necessary to exclude the hypotheses which are not confirmed at a 5% significance level, or to add some suggestions to develop new relationships with sufficient and logical theoretical foundations to the model, for the good fit purposes. It is noteworthy that the model fitness objective is involved in lower chi-square and higher degree of freedom values. However, this cannot explain the relationships which the software may offer for model improvement and that do not have sufficient and logical theoretical backup. The results of primary model testing are as presented in diagram below.

Goodness-of-fit indices for model and the standard regression coefficients of model relationships are reported separately and in corresponding tables. The following table displays the significance levels of each relationship along with the standard regression coefficients. As shown, all hypotheses have been supported at a 5% significance level.

H1 was supported at a 5% significance level. Therefore, service quality is significantly related to loyalty among those referred to treatment centers. The regression coefficient obtained for H1 was 0.531. That is, increased service quality leads to more desirable and improved loyalty.

H2 was supported at a 5% significance level. Therefore, service quality is significantly related to satisfaction of those referred to treatment centers. The regression coefficient obtained for H2 was 0.21.
H3 was supported at a 5% significance level. Therefore, loyalty has a significant and positive relationship with the referred individuals’ intention to switch to other competitors among those referred to treatment centers. The regression coefficient obtained for H3 was 0.63.

H4 was supported at a 5% significance level. Therefore, satisfaction has a significant and positive relationship with the referred individuals’ intention to switch to other competitors among those referred to treatment centers. The regression coefficient obtained for H4 was 0.41.

REFERENCES