

Effect of Electronic Service Quality on Customer Satisfaction and Loyalty Saderat Bank's Customers

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Abstract

Aim: The aim of this study is to investigate the effect of electronic service quality on customer satisfaction and loyalty Saderat bank's customers.

Materials & Methods: The method is based on the purpose and the method is the descriptive and correlation. Standard questionnaire validity and reliability (Cronbach's alpha coefficient 0.91) it was approved. The research data were collected from a random sampling of 384 of Saderat Bank's Customers in Urmia and Salmas that use Electronic Services and were analyzed using SPSS software.

Results: The results show that, Electronic Service Quality has positive and direct effect on customer satisfaction and customer satisfaction has direct effect on customer loyalty. Also the Availability, Security, Reliability and Fulfillment are direct impact on customer satisfaction but and personalization have no effect on customer satisfaction.

Conclusion: In this study the impact of electronic service quality on customer satisfaction and customer loyalty between Saderat bank customers in Urmia and Salmas cities of west Azerbaijan province was studied and major conclusions are as follows:

- Electronic service quality and its four dimensions (Availability, Security, Reliability and Fulfillment) have positive effect on customer satisfaction.
- Personality as a dimension of electronic service quality has no effect on it.
- Customer satisfaction has positive impact on customer loyalty.

Keywords: Electronic Service Quality, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

With rapid growth and extensive use of the Internet in the marketing practices of firms, service quality delivery through electronic platforms for electronic commerce becomes one of the most critical issues for marketers in the service sector (Zeithaml et al, 2002). Electronic service quality (e-SQ) is becoming increasingly important in determining the success or failure of electronic commerce application. There is still a lack of comprehensive e-SQ scales in the academia, and the majority of existing scales focuses on a limited set of variables (Zeithaml, 2002).

Electronic service quality (E-SQ) is a new developing area of research, which has strategic importance for businesses striving to address customers in the electronic marketplace. Parasuraman and Zinkhan (2002) maintain that electronic services contribute two key advantages: information efficiency and transaction efficiency. Electronic service quality is a basic requirement for the good performance of electronic channels.¹⁻⁷

Although no longer believed to be the revolution previously conceived, the Internet remains a critical channel for selling most goods and services. Companies such as Amazon distribute products and services solely through Web channels, and virtually all companies are creating Web channels as sources for repurchase information (cars), alternative ways to buy products (retailers such as GAP, Talbot's, and Eddie Bauer), approaches to expand services (industrial products), and ways to capture time-conscious and upscale consumers (online banking). If these channels are to be viable, they must be perceived by consumers as

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effective and efficient. To deliver superior service quality, managers of companies with Web presences must first understand how consumers perceive and evaluate online customer service. Although there are many different types of Internet sites, the research described in this article focuses only on online shopping sites. The article does not deal with other Internet sites -such as online newspapers, portals, free download sites, customer-to-customer sites such as eBay or Topica, sites that are collections of links, or job sites such as Monster.com- that exist for purposes other than online shopping and that are advertiser supported. The purpose of this article is to describe the development, refinement, psychometric evaluation, properties, and potential applications of a multiple-item scale for measuring e-service quality (e-SQ) of sites on which customers shop online.⁸⁻¹⁵

This study attempts to derive the instrument dimensions of e-service quality to develop a research model to examine how e-service quality dimensions affect customer satisfaction and Loyalty of Saderat Bank's customers in Urmia and Salmas cities in West Azerbaijan province.

Literature Review

E-service quality can be defined as overall customer evaluations and judgments regarding the excellence and quality of e-service delivery in the virtual marketplace (Santos, 2003). Research over the past two decades has demonstrated that service quality influences consumption decisions, but only recently these findings have been applied to e-commerce (Wolfenbarger and Gilly, 2003; Yang and Jun, 2002). For example, service quality measures have been applied to assess the quality of virtual community web sites (Kuo, 2003), satisfaction with e-commerce channels (Bove and Johnson, 2009), and determinants of web site success.¹⁶⁻²⁰

Rowley (2006) points out that the existing literatures on e-service quality mainly study the dimension and measuring method of e-service quality, and that there is no completely recognized definition of e-service. "E-service" has recently become a popular research topic, with the growth of the e-commerce (Sylvie and Ina, 2010) E-service quality can be described as overall customer evaluations and judgments regarding the excellence and the quality of e-service delivery in the virtual marketplace (Santos, 2003). According to Parasuraman et al. (2005) e-SQ is defined broadly to encompass all phases of a customer's interactions with a Web site: The extent to which a Web site facilitates efficient and effective shopping, purchasing, and delivery. Ruyter et al. (2001) describe e-service as "content-centred and internet-based customer service, driven by the customer... with the goal of strengthening customer-service provider relationships". Collier and

Bienstock (2006) defined e-SQ as "customer's perceptions of the outcome of the service along with recovery perceptions if a problem should occur". Rowley (2006) gives a definition in conclusion of many scholars' opinions, "e-service, based on information technology, includes the information provision and system support, the logistic transportation of service and the trace and exchange of information" (Lee et al., 2011).

Service quality dimensions

Parasuraman et al. (1988) conceptualize service quality as the relative perceptual distance between customer expectations and evaluations of service experiences and service quality using a multi-item scale called the SERVQUAL model. The SERVQUAL model includes the five dimensions of tangibles (physical facilities and the appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (employee knowledge base which induces customer trust and confidence), and empathy (caring and individualized attention provided to customers by the service provider) (Lee et al., 2011).

Availability means that a system is on-line and ready for access. A variety of factors can take a system off-line, ranging from planned downtime for maintenance to catastrophic failure. The goals of high availability solutions are to minimize this downtime and/or to minimize the time needed to recover from an outage. Exactly how much downtime can be tolerated will dictate the comprehensiveness, complexity and cost of the solution (Fraering and Minor, 2013)

Security means that personal information are not Shared, credit card information is secured (Sakhaei et al., 2014) and is Degree to which the customer believes the site is safe from intrusion and personal information is protected (Parasuraman, and Zeithaml, 2005).

Personalization, The lack of real-time interaction tends to prevent potential customers from purchasing through online shopping (Yang and Jun, 2002). Personalization involves individualized attention, personal thank you notes from online stores, and the availability of a message area for customer questions or comments (Yang, 2001). Previous studies have examined the influence of the customer service provided by internet retailers on customer perceptions of service quality and satisfaction (Yang and Jun, 2002).

Reliability represents the ability of the web site to fulfill orders correctly, deliver promptly, and keep personal information secure (Parasuraman, and Zeithaml, 2005;

Janda et al., 2002). The importance of reliability has been emphasized by the information technology-based service. Moreover, Zhu et al. (2002) argued that reliability dimension has a direct positive effect on perceived service quality and customer satisfaction by electronic banking systems (Lee and Lin, 2005).

Fulfillment means accuracy of service promises, delivery the product in the promised time (Sakhaei et al., 2014)

Customer Satisfaction Customer Loyalty

Customer satisfaction, which has been considered by many firms to be a powerful intangible asset for competitive advantage in the global arena, is the response of the customer who evaluates his/her prior expectations and actual performance of the product/service (Ueltsch et al., 2009). Here, expectations correspond to predictions about what will happen in the future (Ueltsch et al., 2004). Accordingly, in the service management literature, customer satisfaction can be defined as being a summary of cognitive and affective reaction to a service incident or to a long-term service relationship (Kitapci et al., 2013).

Shukla (2009) found a positive relationship between contextual factors and brand loyalty, as well as brand and purchase decisions. Longitudinal research has identified true, spurious, latent, and “not” loyalty categories of beauty salon customers (Bove and Johnson, 2009). But at least one effort did not find a positive relationship between a high level of satisfaction and loyalty (Khatibi et al., 2002).

Studies of customer satisfaction and loyalty of bank customers have found that satisfaction, market position, service reliability, and efficiency contribute to loyalty (Bloemer, 1998); and satisfaction affects consumer loyalty, willingness to pay more for services, and the response to a service failure.²¹⁻²⁶

Materials & Methods

The customers of Saderat Bank in Salmas and Urmia cities of west Azerbaijan province were chosen in this study. The sampling technique employed is non-probability random sampling. So we collected data from 384 customers that use electronic bank services. This study uses the data collected through a series of questionnaire. The questionnaire was divided into two sections, which the first section contained the questions concerning the demographic information like gender, age, education, occupation and use of electronic banking services. Meanwhile, the second section contained a set of instrument used to measure Electronic Service Quality (e-SQ), customer satisfaction and customer loyalty and the respondents were asked to

give their perception on a scale of 1 (Totally disagree) to 7 (Totally agree).

The research model tested in this study is shown in Fig. 1. Following hypotheses are proposed based on this model.

RESULTS

The results of Pearson correlation results for variables are shown in table 1 and 2.

Also the results of regression results are shown in table 3 and 4.

Table 1: Pearson correlation analysis between electronic service quality and customer satisfaction

| Variable | Correlation | R square | Fisher test | Sig.* |
|----------------------------|-------------|----------|-------------|-------|
| Electronic service quality | 0.716 | 0.512 | 99.50 | 0.000 |
| Availability | 0.516 | 0.266 | 139.71 | 0.000 |
| Security | 0.531 | 0.282 | 149.98 | 0.000 |
| Personalization | 0.181 | 0.033 | 12.95 | 0.000 |
| Reliability | 0.643 | 0.413 | 269.13 | 0.000 |
| Fulfillment | 0.567 | 0.321 | 74.85 | 0.000 |

* Significant at 0.05 level

Table 2: Pearson correlation analysis between customer satisfaction and customer loyalty

| Variable | Correlation | R square | Fisher test | Sig.* |
|-----------------------|-------------|----------|-------------|-------|
| Customer satisfaction | 0.556 | 0.309 | 171.01 | 0.000 |

* Significant at 0.05 level

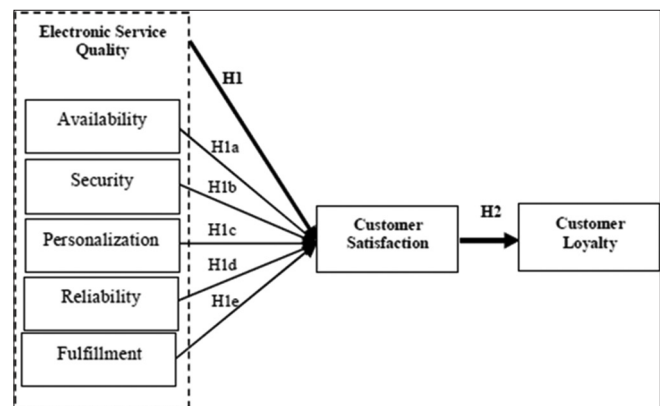


Figure 1. Research model, H1. Electronic service quality has positive effect on customer satisfaction, H1a. Availability has positive effect on customer satisfaction, H1b. Security has positive effect on customer satisfaction, H1c. Personalization has positive effect on customer satisfaction, H1d. Reliability has positive effect on customer satisfaction, H1e. Fulfillment has positive effect on customer satisfaction, H2. Customer satisfaction has positive effect on customer loyalty.

Table 3: Regression analysis between electronic service quality and customer satisfaction

| Variable | S.D. | Beta | T value | Sig.* |
|-----------------|-------|-------|---------|-------|
| Availability | 0.061 | 0.516 | 11.787 | 0.000 |
| Security | 0.047 | 0.531 | 12.247 | 0.000 |
| Personalization | 0.038 | 0.040 | 1.082 | 0.280 |
| Reliability | 0.053 | 0.643 | 16.405 | 0.000 |
| Fulfillment | 0.046 | 0.567 | 13.445 | 0.000 |

* Significant at 0.05 level

Table 4: Regression correlation analysis between customer satisfaction and customer loyalty

| Variable | S.D. | Beta | T value | Sig.* |
|-----------------------|-------|-------|---------|-------|
| Customer satisfaction | 0.040 | 0.556 | 13.077 | 0.000 |

* Significant at 0.05 level

DISCUSSION & CONCLUSION

The results of demographic analysis of the respondents show: 76.8% of them are male and 23.2% are female; 42% of them are between 21 to 30 years that have most frequency and the respondents below 20 years old with 5.5% have less frequency; most of them (43.2%) are bachelors and whom are PHD have only are 3.6% of them; 44.4% of them has private occupation and 33.3% has government job; 40.8% of the respondents used ATM, 22.3% mobile banking and 16.8% used internet banking.

As shown in tables 1 because of significant of the variables that are below 0.05, so all variables (electronic service quality dimensions) have positive correlation with customer satisfaction, and reliability has strong correlation with the customer satisfaction but personalization has very low correlation with customer satisfaction. As we see in table 2, customer satisfaction has positive correlation with customer loyalty. Table 3 shows, because of significant of the variables that are below 0.05, Availability, Security, Reliability and Fulfillment have positive impact on customer satisfaction and Reliability has more effect than others but personality has no effect on customer satisfaction. As we see in table 4, customer satisfaction because of significant of the variables that are below 0.05 has positive impact on customer loyalty.

In this study the impact of electronic service quality on customer satisfaction and customer loyalty between Saderat bank customers in Urmia and Salmas cities of west Azerbaijan province was studied and major conclusions are as follows:

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