

# Service Quality Indirectly Influences Customer Loyalty via Customer Satisfaction: Results from a Literature Survey

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## Abstract

*Very little research has been done on the effect of service quality dimensions on customer loyalty. This paper aims to explore the indirect influence of service quality and its dimensions on customer loyalty via customer satisfaction through a survey of existing literature. The study also investigates the direct influence of service quality dimensions as a whole and individually on customer satisfaction. The findings show that service quality parameters such as tangibles, reliability, responsiveness, assurance and empathy as a whole, and individually, indirectly influence customer loyalty through customer satisfaction. It also shows that service quality dimensions directly influence customer satisfaction. To maintain a competitive edge in the market, service-marketing managers can focus on dimensions of service quality with a view to measuring, controlling and improving the satisfaction and loyalty levels of their customers.*

**Keywords:** Service quality, Customer satisfaction, Customer loyalty.

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## **1. Introduction**

Declining customer satisfaction and loyalty become the major concern of service firms because these two factors determine the performance of the firms. Furthermore, the factor that simultaneously influences customer satisfaction and loyalty is customer perception of service quality. With increasingly intense competition for customers in today's service industry, these factors are high management priorities (Parasuraman, 1997). Financial executives and banking strategies are becoming more focussed on service quality to increase customer satisfaction, customer loyalty and business success in the financial services industry (Arasli, Mehtap-Smadi, & Katircioglu, 2005).

In a highly competitive and customer-centred market economy, service organisations are forced to provide high-quality services that generate customer satisfaction and customer loyalty, enlarge market share and improve their performance results. With time, firms are adding advanced services to their customers. In most services, customer satisfaction mainly depends on the process of service delivery, a fact that highlights the important role of the service quality parameters. In any case, customer satisfaction is an important concept because the relationship between customer satisfaction and financial performance has been repeatedly confirmed (Gruca & Rego, 2005).

Customer satisfaction is quite a complex issue and it is also responsible for customer retention and customer loyalty and hence for company's performance. In general, a two percent enhancement of customer retention can lead to a ten percent reduction of overhead costs, which, in turn, improves the profitability (Jamieson, 1994). There is always a possibility that a dissatisfied customer starts searching for another firm offering similar services, resulting in a break in the relationship with the firm, with which he is dissatisfied. Intensive competition has grown in the financial services market, resulting in greater variety and choice for customers within each product market (Asuncion, Martin, & Quintana, 2004).

In marketing of services, the quality of customer service holds primary significance, particularly in the context of sustained business growth of the firm. A study of individual service quality dimensions could provide researchers and managers with a better understanding of the linkages among service quality, customer satisfaction and customer loyalty. As

service quality is deemed a significant factor in increasing customer satisfaction and loyalty, the significance of service quality has been studied by academics and practitioners (e.g., Dukart, 1998; Leal & Pereira, 2003; Umbrell, 2003; and Parasuraman, Zeithaml, & Berry, 1985,1988). This team of researchers also developed SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988), an instrument which played a pivotal role in measuring conventional service quality (Ladhari, 2009).

The purpose of this study is to explore the relationships between service quality parameters, customer satisfaction and customer loyalty. The study argues that service quality parameters lead to customer satisfaction, which in turn affects customer loyalty.

## 2. Conceptual Framework and Hypotheses

### 2.1 Service Quality Parameters

Service quality is a customer’s judgement about a product’s overall excellence or superiority (Zeithaml, 1988) and is similar to an attitude (Zeithaml, 1988; Parasuraman et al., 1985). Parasuraman, Zeithaml, & Berry in their exploratory research in 1985 on service quality identified ten dimensions in assessing the service quality. In 1988, these leading scholars further identified common themes in the ten dimensions and condensed the dimensions down to main five as given in Table 1.

**Table 1: Five Main Parameters of Service Quality**

S.No.	Dimension	Definition
1	Tangibles	The physical facilities, equipment and appearance of a firm’s employees.
2	Reliability	The ability of service firms to perform the promised service dependably and accurately.
3	Responsiveness	Willingness to help customers and provide quick service.
4	Assurance	The knowledge and courtesy of a firm’s employees and their ability to inspire trust and confidence.
5	Empathy	Caring and personalized attention provided by the service firm.

Source: Parasuraman et al. (1988).

Based upon their findings, they developed an instrument known as SERVQUAL scale (Kim, 2000), which consists of 22 questions measuring expectations and 22 questions measuring perceptions. Many researchers have studied the measurement of service quality. The most well-known instrument for measuring service quality is SERVQUAL, which was introduced by (Parasuraman et al., 1988). Since its introduction, SERVQUAL has been widely applied in various fields and provided meaningful information (Heung, Wong, & Qu, 2000). SERVQUAL has been widely acknowledged and applied in various service settings (Gilbert & Wong, 2003; Saleh & Ryan, 1991; and Vandamme & Leunis, 1993). Subsequent work widely utilised SERVQUAL instrument in different sectors of the service industry (Avkiran, 1994; Babakus & Boller, 1992; Buttle, 1996; Cronin & Taylor, 1992; Fick & Ritchie, 1991; Newman, 2001; and Smith, 1995) and despite concerns about the number and composition of service quality dimensions (Brown, Churchill & Peter, 1993; Carman, 1990; and Cronin & Taylor, 1992), the SERVQUAL framework is still considered a useful tool for measuring service quality (Bottle, 1996; Bloemer, de Ruyter, & Wetzels, 1999; and Wong & Sohal, 2003) as the five dimensions capture the general domain of service quality fairly well (Parasuraman, Zeithaml, & Berry, 2005).

Within the services marketing literature, overall service quality is normally not viewed as a separate construct but treated as an aggregate construct whereby the individual dimensions are summed to obtain an estimate of overall service quality (Dabholkar, Shepherd, & Thorpe, 2000; Sachdev & Verma, 2004; and Zhou, 2004). Previous research studies have also utilised direct measures of overall service quality using either a single item or multiple item statements (Dabholkar, et al., 2000). The service literature views service quality as an overall assessment of product or service attributes (Parasuraman et al., 1988), of which the SERVQUAL metric is a measuring device.

## **2.2 Service Quality and Customer Satisfaction**

Customer satisfaction has been widely accepted among researchers as a strong predictor for behavioural variables (Liljander & Strandvik, 1995; and Ravald & Gronroos, 1996). Satisfaction in a relationship is centred on the roles assumed and performed by the individual parties (Crosby, Evans, & Cowles, 1990; Murstein, Cerreto, & MacDonald, 1977; and Storbacka,

Strandvik, & Gronroos,1994) defined customer satisfaction as a customer's cognitive and affective evaluation based on his or her personal experiences across all service episodes within the relationship.

Some researchers consider the concepts of service quality and customer satisfaction to be synonymous, as a high degree of correlation has been found between them (Oliva,, Oliver, & MacMillan,1992). Others have found notable distinctions between customer satisfaction and service quality (Sureshchander, Rajendran, & Anatharaman, 2002; and Bitner & Hubbert, 1994). Different opinions have also been expressed about the antecedents of service quality and customer satisfaction. Kotler and Levy (1969) reported that customer satisfaction is connected primarily with the concept of value and price, while service quality is related to customer needs and expectations. In addition, Cronin and Taylor (1994) specified service quality as impacting on long-term attitudes and customer satisfaction as the result of customer evaluating a specific experience (transaction with the firm).

However, more recent research has considered a somewhat different position that service quality leads to customer satisfaction. In this case, service quality is regarded as the independent variable and customer satisfaction as the dependent variable (Jamal & Naser, 2002; Ting, 2004; and Parker & Mathews, 2001). Although, for many years, arguments focussed on the causal relationship between service quality and customer satisfaction, recent approaches argue for merging the two elements into one (Gronroos, 2001) stating that service quality dimensions should be measured alongside customer satisfaction. Quality, as such, should not be measured, because research indicates that the technical and functional features directly influence perceived customer satisfaction. These arguments confirm the significance of different dimensions of service quality to a varying degree and highlight the need for the research reported here. Hence, we posit the following hypotheses:

- H1. Service quality parameters are positively and directly associated with customer satisfaction. In particular:
  - H1.a. Tangibles of service delivery are positively and directly associated with customer satisfaction.
  - H1.b. Reliability of service delivery is positively and directly associated with customer satisfaction.

- H1.c. Responsiveness of service delivery is positively and directly associated with customer satisfaction.
- H1.d. Assurance of service delivery is positively and directly associated with customer satisfaction.
- H1.e. Empathy of service delivery is positively and directly associated with customer satisfaction.

### **2.3 Service Quality and Customer Loyalty via Customer Satisfaction**

Customers who feel they have obtained value from a product or service may develop loyalty. Loyalty, in turn, breeds retention which translates into higher corporate profits. Customer loyalty can be explained in three things (Oliver, 1999). First, loyalty is shown by customers' behaviour in doing repeat purchase. Second, loyalty is indicated by customers' attitude toward the company. This includes preference and commitment towards brand and recommending it to others. Third, it is the combination of customers' behaviour and attitude towards the company. That is, besides actively repeating purchase, the customers also give positive appraisal of the brand and share the company's positive value to others. Reichheld and Sasser (1990) concluded that customer defections had a stronger impact on the financial performance of an organization than other factors, as it pertained to gaining competitive advantage. Since there is a learning curve that both the company and customer must travel, research suggests the longer a company keeps a customer, the more profitable that customer becomes. Customer loyalty is an important theoretical as well as practical issue for most marketers and customer researchers (Aaker, 1992; and Reichheld, 1996). In the context of services, a number of scholars have highlighted the significance of loyalty (Asuncion et al., 2004; Bloemer et al., 1999; and Caruana, 2002). Greater loyalty can lead to lower marketing costs (Aaker, 1991), enhanced opportunities for brand extensions and increased market shares (Buzzell, Gale, & Sultan, 1975; and Buzzell & Gale, 1987). It can also encourage favourable word of mouth and greater resistance among loyal customers to competitive strategies (Dick & Basu, 1994) and can lead to lower levels of price sensitivity among customers (Keller, 1993; and Rundle-Thiele & Mackay, 2001). Customer loyalty is also an important antecedent to brand equity, which in turn is significantly important in creating differentiation and competitive advantage (Aaker, 1991; and de Chernatony & McDonald, 1998).

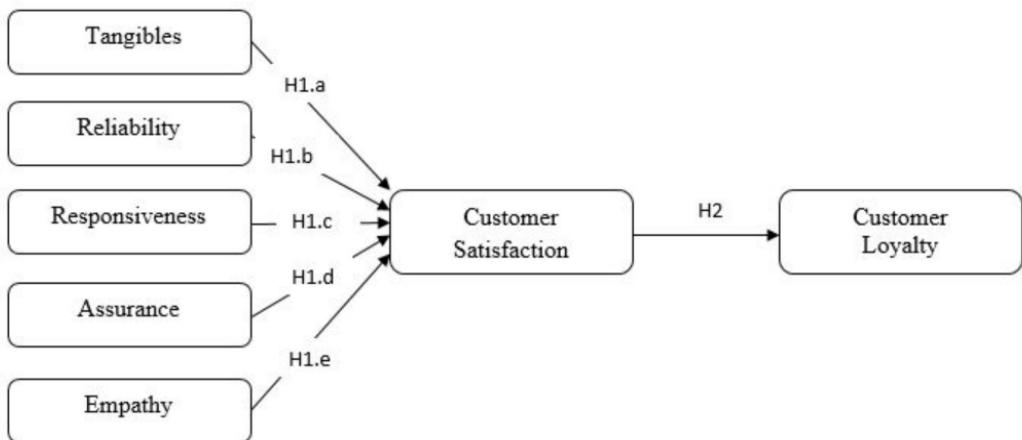
However, despite tremendous interest in loyalty, very little empirical research has explored the effects of key dimensions of service quality on loyalty (Bloemer et al., 1999). With this prevailing focus on customers and service quality, financial firms have been concerned with continuously monitoring how effectively they meet or exceed the needs of their customers (Shin & Elliot, 2001). As a result, the notion of customer satisfaction has emerged as a key factor in modern marketing and consumer behaviour analysis. Winning customer satisfaction through superior service quality has become an effective strategy that service providers diligently strive to pursue. Such a strategy aims at ensuring a 100 per cent satisfactory performance from a customers' viewpoint (Tantakasem & Lee, 2007), ultimately protecting and retaining the loyalty of existing customers. In other words, the direct effect of customer satisfaction on customer loyalty is more likely to be larger than that of service quality. Therefore, it is expected that:

H2: Service quality parameters indirectly influence customer loyalty through customer satisfaction.

Figure 1 shows the conceptual framework of the study, where in the service quality parameters are shown as influencing customer satisfaction which in turn influences customer loyalty.

**Fig. 1: Conceptual Framework of the Relation between Service Quality, Customer Satisfaction and Customer Loyalty**

*Service Quality Parameters*



### **3. Methodology**

The present study, through a review of existing studies, aims to explore the interrelationships between service quality parameters, customer satisfaction and customer loyalty. Specifically, the study uses SERVQUAL dimensions as predictors of customer satisfaction and customer behaviour intentions (Gronroos, 1990). The study is an attempt to answer how to acquire, develop, and retain loyal and profitable customers in the service industry. Literature was reviewed to clarify the constructs of service quality scale and to develop the interrelationships between customer satisfaction and customer loyalty. The service quality dimensions, customer satisfaction and customer loyalty in this study have been adopted from previous studies. For service quality variable, the researchers have adopted from Bloemer et al. (1999) and Wong and Sohal (2003); for customer satisfaction based on the service quality parameters have been adopted from Spreng & MacKoy (1996); and Storbacka, Strandvik, & Grönroos (1994) and for customer loyalty from Anderson & Mittal (2000); and Athanassopoulos, & Gounaris (2001).

### **4. Results and Discussion**

#### **4.1 Accessing Service Quality Parameters**

The identification of different dimensions of service quality (SEVRQUAL) in different surveys has been confirmed by a number of researchers. Babakus and Boller (1992) argue that the number and nature of dimensions depend on the type of service setting. During the last decades competition has intensified and firms have encountered difficulties in selling their goods or services, and also in keeping their market share (Bazini, Elmazi, & Sinana, 2012). As a result, a phrase that has been commonly used in recent times is to keep the “customer in focus”. This represents a threat and, at the same time, an opportunity to firms, as it opens up the possibilities of offering customers a more integrated range of services. The search for competitive advantage has increasingly tended to focus on the service quality and the process of service delivery rather than the service itself. This is particularly significant in the context of complex services (such as stock broking, insurance, mutual funds, banking, mortgages, etc.). Evidence from previous studies suggests that the five principal dimensions which customers use in evaluating service quality are also important tools of service quality scale



for measuring customer satisfaction, customer retention and customer loyalty. Subsequent works have widely utilised service quality instruments.

Table 2 shows the different service quality dimensions cited for research in services.

**Table 2: Service Quality Dimensions**

S.No.	Dimension	Author and Year
1	Tangibles	Bitner (1990); Parasuraman, Zeithaml, & Berry (1991); Bitner (1992); Yavas, Bilgin, & Shemwell (1997); Wakefield & Blodgett (1999); Bahia & Nantel (2000); Sureshchandar et al. (2002); and Arasli et al. (2005)
2	Reliability	Crosby et al. (1990); Parasuraman et al. (1991); Zhou (2004); Arasli et al. (2005); and Baumann, Burton, Elliot, & Kehr (2007)
3	Responsiveness	Parasuraman et al. (1985); Parasuraman et al. (1991); Yavas et al. (1997); Yang & Jun (2002); and Baumann et al. (2007)
4	Assurance	Parasuraman et al. (1991); (Zhou, 2004); Arasli et al. (2005); and Baumann et al. (2007)
5	Empathy	Parasuraman et al. (1985); Parasuraman et al. (1991); Mouawad & Kleiner (1996); Yavas et al. (1997); and Baumann et al. (2007)

Reimer and Kuehn (2005) took into consideration that physical quality is a directly observable variable by the customers. Physical quality indicates that tangibles have a significant influence on intangible dimensions of service quality. Customers make inferences about the service quality on the basis of tangibles such as buildings, equipment, physical layout, communication materials, etc. that surround the service environment (Bitner, 1990). Bateson (1995) expressed a different opinion arguing that the physical elements of an organisation form behaviours on the path to the service encounter. According to Nguyen (2006), service-scape should consider two types of needs: operational and marketing. Operations are important to improving employee performance (responsiveness and empathy), while marketing positively influences customer beliefs (reliability and assurance). Hence, the service environment (assurance) affects the interactive service features in two ways: it supports employees by providing better and promised services with speed and influences customers by creating expectations of reliability

of services. Parasuraman et al. (1991) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process. In other words, customers not only judge the accuracy and dependability (i.e. reliability) of the service delivery but they also judge the other dimensions as the service is being delivered (Parasuraman et al., 1991; and Levesque & McDougall, 1996). Therefore, the role of service quality parameters in customer evaluations of the service delivery, the service outcome and the overall corporate image of the firm cannot be underestimated. Hence, designing a simple and seamless service delivery process helps service providers to shorten the necessary time of delivery of the service products (Al-Hawari, Ward, & Newby, 2009).

#### **4.2 Relationship between Service Quality Parameters and Customer Satisfaction**

Customer satisfaction is the full meeting of one's expectations (Oliver, 1980) and can be described as the feeling or attitude of a customer towards a product or service after it has been used (Evans, Jamal & Foxall, 2006). A substantial amount of research has reported a causal link between service quality and customer satisfaction (e.g. Anderson & Sullivan, 1993; Bolton & Drew, 1991; Cronin & Taylor, 1992; and Woodside, Lisa & Robert, 1989). A few studies have investigated the link between each of the service quality parameters and satisfaction and have reported some mixed results as below in Table 3.

These results from existing studies clearly show that the service quality parameters are directly associated with customer satisfaction. Customers perceive service based on the attributes of the service personnel and those of a service firm. The customer-oriented attributes of the service personnel are called human aspects of service quality. These are reliability, responsiveness, assurance, and empathy, and reflect the soft quality attributes of service providers. Favourable interpersonal interactions between customers and employees based on these attributes can improve customer satisfaction (Hartline et al., 2000; and Parasuraman et al., 1985). The attributes of the service firm are called the hard quality. These are the technology and tangible aspects of service quality. Tangible elements include the exterior facilities of the firm like parking, interior décor, furniture and equipment used. Customers look at these tangible elements and make inferences about the firm and its

**Table 3: Results of Testing of the Hypotheses**

<b>Hypotheses</b>	<b>Results</b>	<b>Sources</b>
H1. Service quality parameters are positively and directly associated with customer satisfaction.	Supported	Anderson & Sullivan (1993); Bolton & Drew(1991); Cronin & Taylor (1992); Woodside et al. (1989); Taylor & Baker (1994); Hartline, Maxham, & McKee (2000); and Parasuraman et al. (1985)
H1.a. Tangibles of service delivery are positively and directly associated with customer satisfaction.	Supported	Arasli et al. (2005); Yavas et al. (1997); Baker, Parasuraman, Grewal & Voss (2002); Parasuraman et al. (1988); and Bitner, Brown, Meuter (2000)
H1.b. Reliability of service delivery is positively and directly associated with customer satisfaction.	Supported	Arasli et al. (2005); Zhou (2004); Baumann et al. (2007); Hartline et al. (2000); and Parasuraman et al. (1985)
H1.c. Responsiveness of service delivery is positively and directly associated with customer satisfaction.	Supported	Yavas et al. (1997); Baumann et al. (2007); Hartline et al. (2000); and Parasuraman et al. (1985)
H1.d. Assurance of service delivery is positively and directly associated with customer satisfaction.	Supported	Arasli et al. (2005); Zhou (2004); Baumann et al. (2007); Culiberg & Rojsek (2010); Hartline et al. (2000); and Parasuraman et al. (1985)
H1.e. Empathy of service delivery is positively and directly associated with customer satisfaction.	Supported	Arasli et al. (2005); Yavas et al. (1997); Baumann et al. (2007); Culiberg & Rojsek (2010); Hartline et al. (2000); and Parasuraman et al. (1985)

service performance. Therefore, the physical environment can have an influence on customer perceptions of service quality (Baker et al., 2002; and Parasuraman et al., 1988). A study of the Cyprus banking system by Arasli et al. (2005) reported that the service quality dimensions of assurance, reliability, empathy and tangibles were predictors of customer satisfaction. Similarly, Yavas et al. (1997) found tangibles, empathy and responsiveness to be important predictors of customer satisfaction among bank customers in Turkey. Additional support came from Zhou (2004), who reported that reliability and assurance were important predictors of satisfaction for bank customers in China. Baumann et al. (2007) found that all dimensions except

tangibility impacted the customer satisfaction of Australian banking customers. Culiberg and Rojsek (2010) found a positive relation between service quality dimensions and overall customer satisfaction, especially with the assurance and empathy aspects of service quality. Accordingly, it is concluded that the better the human, technical and tangible aspects of services, the better the satisfaction of customers. Service quality is the managerial delivery of the service, whereas satisfaction is customers' experiences with the service. Improved service quality will result in more customer satisfaction (Bitner et al., 1994). It is evident from the above that service quality parameters, both overall and individually, are positively and directly associated with customer satisfaction.

### **4.3 Relationship between Service Quality Parameters and Customer Loyalty via Customer Satisfaction**

A vast stream of literature has revealed that customer satisfaction has positive links with customer loyalty and retention (Fornell, 1992; Levesque & McDougall, 1996; Lovelock, Patterson, & Walker, 2001; Oliver, 1980; and Sharma & Patterson, 2000), commitment (Burnham et al., 2003; and Morgan & Hunt, 1994), service quality (Athanasopoulos, 2000; Parasuraman et al., 1988; and Sureshchandar et al., 2002) and behavioural intentions (Olorunniwo, Hsu, & Udo, 2006; and Zeithaml, 2000). The common presumption in such studies is that the prosperity and growth of a service firm depends to a large extent on its ability to build a base of loyal customers and to differentiate itself via superior service quality that results in satisfied customers. In spite of the fact that academics have reached some sort of an agreement that customer satisfaction and service quality are two distinct but intertwined constructs, the evidence documented in the literature concerning the causal sequence of their relationship has been conflicting (Olorunniwo et al., 2006). This issue is of immense significance to service providers in the sense that it provides them with information about whether they need to aim at satisfying their customers or delivering superior service quality and which of those two constructs has greater potential to predict re-purchase intention (Cronin and Taylor, 1992).

A flurry of research has identified customer satisfaction as a salient antecedent to customer loyalty, customer retention, behavioural intention, market share and profitability (Anderson & Mittal, 2000; Athanasopoulos et al., 2001; Beerli, Martin, & Quintana, 2004; Heskett, Sasser, &

Schlesinger, 1997; Levesque & McDougall, 1996; Muffato & Panizzolo, 1995; and Wood, 2008). Increased customer satisfaction is presumed to lead to greater customer retention and loyalty, eventually maximising profitability. A satisfied customer is expected to be more likely to form future purchase intention, engage in positive word-of-mouth advertising (Jamal & Naser, 2002) and be more tolerant of price increases (Anderson, Fornell, & Lehmann, 1994). Olorunniwo et al. (2006) pointed out that satisfied customers who maintain a long-term relationship with a service provider tend to impact profitability through their repeat business, shrinking expenditures on advertising, promotion and start-up activities, and spreading positive word-of-mouth.

Most researchers agree that customer satisfaction and service quality act together on customer loyalty. Several studies have identified customer satisfaction as a mediator between service quality and behavioural intentions or customer loyalty (Cronin, Brady, & Hult, 2000; Dabholkar, Shepherd, & Thorpe, 2000; and Olorunniwo et al., 2006). Olorunniwo et al. (2006) found a statistically significant but relatively small direct effect of service quality on customer loyalty. Nonetheless, the direct effect of customer satisfaction on behavioural intentions or customer loyalty was found to be overwhelmingly larger than that of service quality. While a substantial amount of research has reported that overall service quality perceptions act as antecedents of customer satisfaction (Anderson & Sullivan, 1993; Cronin & Taylor, 1992; Oliver, 1997; Taylor & Baker, 1994; and Woodside et al., 1989) and of loyalty (Zeithaml, Berry, & Parasuraman, 1996) via customer satisfaction. Despite the apparent absence of an empirical direct link between service quality and customer loyalty, several studies show that customer satisfaction affects customer loyalty directly (Bolton, 1998; and Bolton, Kannan, & Bramlett, 2000). A substantial amount of research has concluded that satisfaction is an important determinant of customer loyalty (Bearden and Teel, 1983; Cronin & Taylor, 1992; Caruana, 2002; Dick & Basu, 1994; Oliva, Oliver, & MacMillan, 1992; and Selnes, 1993). It is concluded, therefore, that the service quality parameters indirectly influence and associate with customer loyalty via customer satisfaction. Hence, H2 is supported.

## **5. Conclusion and Managerial Implications**

The present study aims to understand the interrelationships among service quality parameters, customer satisfaction and customer loyalty. Existing studies have investigated the link between each of the service quality

dimensions and customer satisfaction. Very limited research has, however, investigated the effects of service quality dimensions on customer loyalty. The paper seeks to investigate the effects of service quality dimensions on customer loyalty via customer satisfaction.

It is evident from the extensive literature survey that service quality parameters, both as a whole and individually, are positively and directly associated with customer satisfaction. The study also revealed the fact that the direct effect of customer satisfaction on customer loyalty was found to be overwhelmingly larger than that of service quality. It means that service quality parameters indirectly influence customer loyalty through customer satisfaction.

The findings suggest that for predictive purposes, managers can focus on dimensions of service quality with a view to measuring, controlling and improving the satisfaction and loyalty levels of their customers (Johnston, 1995). Measures of tangibility, reliability, empathy and satisfaction can provide better feedback to managers regarding the overall levels experienced by their customers. Given the significance of tangibility, managing the evidence and the use of physical environment can be treated as powerful marketing tools (Baker et al., 1994; Bitner, 1990; and LeBlanc & Nguyen, 1988). As many of the mainstream services firms still depend upon a high degree of contact between the firm and the customers, special attention needs to be placed on managing the physical evidence carefully. This could be done by making sure that the physical surroundings are visually pleasing, the contact personnel dress neatly and the overall atmospherics reinforce the firm's positioning statement. Managers can still improve the levels of customer satisfaction and loyalty by improving the overall feel and quality of the environmental factors.

## **6. Limitations and Future Research**

The study has some limitations that must be considered. The study focused only on five main service quality dimensions. There could be some other service quality parameters that influence customer satisfaction and customer loyalty. These open many opportunities for future researchers. It would be advisable to examine the interrelationships between service quality parameters, customer satisfaction, and customer loyalty in services-marketing firms based on primary data collection and analysis. Another

possible area for future research is to replicate the present study in specific service industries such as insurance, banking, and stockbroking, loan financing etc.

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