Exploring the Three-Path Mediation Model: A Study of Customer Perceived Value, Customer Satisfaction Service Quality and Behavioral Intention Relationship

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ABSTRACT

The present study attempts to explore structure of relationships among service quality, customer perceived value, customer satisfaction and behavioral intentions through a comprehensive survey of extant literature. The study investigates the direct and indirect relationship between service quality and behavioral intention and probes into the mediating role of customers' perceived value and customers' satisfaction in the indirect relationship between service quality and behavioral intention. The findings suggest that service quality and behavioral intention relationship is mediated at multiple levels as their relationship passes through the junctions of customer perceived value and customer satisfaction.

Keywords: Behavioral Intention, Customer Perceived Value, Customer Satisfaction, Extant Literature, Service Quality

INTRODUCTION

Liberalization in 1991 laid foundation for the formation and expansion of private banks and foreign banks in Indian banking sector. This coupled with rapid technological advancement and improved communication systems contributed in increasing amalgamation and semblance amongst banks (Shanka, 2012). The net result was increased competition at the market place (Harvey, 2010) which affected the business prospects and subsequently, the very existence of the system. Hence a need of developing and maintaining long term customer relationship in banking business (Camarero, 2007) was felt. After applied of most of strategic practices, various researches recognized that service quality would be essential and it acts as key competitive advantage (Ahmossawi, 2001).

The importance of service quality grew further
with the impact it exercised upon behavioral intention. Growth of service sector and the consequent complexities also contributed to the value of service quality and growing interest of researchers therein. Different studies attempted to explore the relationship between service quality and behavioral intention and some of them (Baker and Crompton, 2000, Brown and Gulyez, 2001, Henkel et al., 2006 and Baumann et al., 2006) found customer satisfaction as mediator in the service quality – behavioural intention relationship. Interestingly several studies (Zeithaml 1988, Hightower et al. 2002 and Kandampully et al. 2009) underlined customer perceived value as another mediator in the aforementioned relationship.

Following is a succinct account of the studies which explored and examined the relationship between service quality and behavioural intention and the potential mediating effect of customer satisfaction and customer perceived value. The subsequent section presents an overview of studies pertaining to relationship between customer satisfaction and customer perceived value. The two constructs have a strong causal relationship (Levesque and McDougall, 1996; Cronin et al., 1997). Zeithaml et al. (1996) found that increase in service quality can induce repeat purchase intention of consumers and positive word of mouth and suggested that a customers’ relationship with a company is strengthened when the customer makes a favorable assessment about the company’s service quality whereas it gets weakened with negative assessments. They further stated that favorable assessment of service quality leads to favorable behavioral intention. Cronin et al. (2000) carried out an empirical research of six industries and reported causal positive effect of service quality on behavioral intention. Dabhoklar et al. (1996, 2000) also testified the positive relationship

Figure 1. Service quality (SQ) and behavioral intention (BI)
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