

**THE EFFECTS OF CUSTOMER EXPERIENCE  
AND CUSTOMER EQUITY DIMENSIONS IN  
BUILDING SERVICE LOYALTY IN PRIVATE  
HOSPITALS OF BANGLADESH**

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## **DEDICATION**

*To my beloved husband and my family for their continual love and support which helped me to believe in myself and follow my dream.*

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AND CUSTOMER EQUITY DIMENSIONS IN  
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by

**NADIA FARHANA**

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**KESAN PENGALAMAN PELANGGAN DAN DIMENSI EKUITI  
PELANGGAN DALAM MEMBINA KESETIAAN PERKHIDMATAN DI  
HOSPITAL SWASTA BANGLADESH**

**ABSTRAK**

Konsep ‘pengalaman pelanggan’ telah membangun sebagai bidang kajian besar dalam bidang pemasaran. Walaupun tumpuan lebih diberikan kepada penyelidikan berpengalaman sejak penghujung abad ke-20, terdapat kekurangan bukti empirikal ke atas pengalaman pelanggan dan kesannya ke atas persepsi pelanggan dan kelakuan terutama dalam sektor penjagaan kesihatan. Kajian ini bertujuan mengenal pasti jurang dalam literasi dan memeriksa kesan pengalaman pelanggan dan dimensi ekuiti pelanggan dalam konteks hospital swasta di Bangladesh. Tambahan pula, kajian meneroka persepsi pelanggan dalam dimensi ekuiti dapat meningkatkan kesetiaan perkhidmatan. Penyelidikan juga menyiasat kesan perantaraan kepuasan pelanggan ke atas hubungan antara dimensi ekuiti pelanggan dan kesetiaan perkhidmatan. Penyelidikan ini menggunakan kaedah campuran bagi tinjauan kuantitatif dan pengumpulan data kualitatif. Kaedah kuantitatif merupakan kaedah utama dalam kajian ini diikuti dengan kaedah kualitatif yang digunakan bagi mengesahkan hasil daripada kajian kuantitatif. Bagi kajian kuantitatif, data dikumpul daripada 260 responden yang mendapatkan khidmat hospital swasta pada tiga tahun yang lepas dan mengingati semula pengalaman mereka. Alatan mengumpul data yang digunakan adalah soal selidik urus sendiri. Bagi data kualitatif, temu ramah mendalam dilakukan ke atas 25 responden yang mempunyai pengalaman hospital swasta di Bangladesh. Analisis tematik diterapkan dalam menganalisa keputusan data kualitatif. Analisis tematik dibina melalui jaringan tematik yang berfungsi

sebagai prinsip pengorganisasian dan alat ilustratif dalam menginterpretasikan data temu ramah yang dianalisis. Hipotesis dibangun menjadi model yang diuji menggunakan teknik pemodelan persamaan struktur. Secara keseluruhannya, keputusan menyokong hipotesis penyelidikan. Hasil menunjukkan dimensi pengalaman pelanggan mempunyai impak signifikan ke atas dimensi ekuiti pelanggan. Kepuasan pelanggan menjadi pengantara hubungan antara dimensi ekuiti pelanggan dan kesetiaan perkhidmatan. Antara dimensi ekuiti pelanggan, nilai ekuiti dan ekuiti hubungan mempunyai hubungan signifikan positif dengan kesetiaan perkhidmatan. Sumbangan utama dalam tesis ini adalah model konseptual dalam kajian menawarkan dan menerangkan fenomena pengalaman pelanggan dan akan kesannya. Tesis ini menguatkan lagi pemahaman konsep pengalaman pelanggan dan perkaitannya dengan kesetiaan perkhidmatan dalam konteks berbeza kepada mereka yang melaporkannya pada masa lepas. Tambahan pula, ini merupakan kajian pengalaman pelanggan yang pertama di negara Bangladesh yang menghubungkan dimensi ekuiti pelanggan untuk menggabungkan kaedah penyelidikan kuantitatif dan kualitatif.



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**ABSTRACT**

The concept of ‘customer experience’ has developed as an imperious area of study within the marketing discipline. In spite of increasing attention paid to experience research since the end of the 20th century, there is a dearth of empirical evidence on the customer experience and its consequences on customer perception and behavior especially in the healthcare sector. This study aims to address the gap in the literature and examines the effects of customer experience and dimensions of customer equity in the context in private hospitals of Bangladesh. Moreover, the study explores how customer perception on equity dimensions can enhance service loyalty. The research also investigates mediating effect of customer satisfaction on the relationship between customer equity dimensions and service loyalty. The research used a mixed methods of quantitative survey and qualitative data collection. The quantitative method is the predominant method for this study, followed by the qualitative method used to endorse the results from quantitative study. For quantitative study, data were collected from 260 respondents who have taken service from private hospitals in last three years and recall their experiences. Data collection instrument was self-administered questionnaire. For qualitative data, in-depth interview were carried out 25 of the respondents who has previous experience in private hospital in Bangladesh. Thematic analysis was applied in analysis the resulting qualitative data. The thematic analyses constructed thematic networks, which served as an organizing principle and an illustrative tool in interpreting the analyzed interview data. The hypotheses were developed into a model, which was

tested using structural equation modelling techniques. Overall, the results support the research hypotheses. Findings indicate that customer experience dimensions had significant impact on customer equity dimensions. Customer satisfaction mediates the relationship between customer equity dimensions and service loyalty. Among the customer equity dimensions value equity and relationship equity has positive significant relationship with service loyalty. This thesis strengthens understanding of customer experience concept and its relation to service loyalty within a context different to those reported in the past. Moreover, this is the first customer experience study in Bangladesh, which link customer equity dimensions, to combine quantitative and qualitative research methods.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Background of the Study

Bangladesh will be celebrating the 50<sup>th</sup> year of its independence in 2021, along with the hopes and aspirations of its citizens for an economically inclusive and politically accountable society. The government adopted the Bangladesh Vision 2021 in recognition of long-term development challenges. The Vision proposes a set of concrete measures through which eight identified goals should be achieved by 2021. Such measures rely on the implementation of various short and medium term initiatives. The major goals include building a nation of healthy citizens, as well as a more inclusive and fair society. Since 1971, the Bangladesh healthcare has evolved positively, resulting in significant changes. The public sector was strengthened by continuous government investment in healthcare that considerably improved all relevant Millennium Development Goal (MDG) indicators. The consolidation of major economic healthcare groups broadened and reinforced the private sector, particularly during the last decade.

The economic growth of Bangladesh remained sustainable and the economy grew, despite the global financial and economic crisis. During the last decade (2000–2014), the real GDP growth rate was 6% per annum on average. The impressive performance resulted from the corresponding growth in the agriculture, industry, and service sectors. In 2008, the largest contribution to GDP was the service sector at 53.62% of GDP growth. In contrast, 31.5%, 12%, and 7.17% of GDP growth came from the industry, agriculture, and health sectors, respectively (Centre for Policy Dialogue, 2008).

Despite the economic development, the country continues to face challenges in meeting the healthcare needs of a large population. Resources are lacking. Further, the country is unable to use the existing resources efficiently, effectively, and equitably. According to a report by the DGHS (2014), total healthcare expenditure as a percentage of Bangladesh's GDP was 3.50% in 2012. In addition, it was reported that the number of available hospital beds and physicians was deficient at only 3.8 hospital beds per 10,000 people in the population. Nursing and midwife personnel density was at only 1.15 per 10,000 people in the population.

### **1.0.1 Issues in Private Health Care Sector in Bangladesh**

According to a World Bank report, 80% of Bangladeshis depend on private healthcare providers because of the poor infrastructural support and relative lack of investment in public health facilities. Bangladesh is ranked as 169<sup>th</sup> among 194 countries in terms of percent GDP spent on healthcare (World Health Organization, 2014). Government expenditure on healthcare has not correlated well with the country's overall economic growth, and private out-of-pocket expenditure continues to rise. Table 1.1 shows the private and public medical expenditures and healthcare facilities of Bangladesh.

**Table 1.1:**  
*Medical Expenditure and Healthcare Facilities*

<b><i>Medical Expenditure</i></b>	
Private out of pocket spent	64%
Government spent	26%
NGO's and others spent	10%
<b><i>Healthcare Facilities</i></b>	
Private	80%
Public	20%

**Source:** *Bangladesh National Health Account, Ministry of Health and Family Welfare, 2010*

Public hospitals are incapable of meeting the demand of middle and higher income patients. Therefore, these patients have no other option but to go to private hospitals. The public healthcare system suffers from a lack of resources, whereas the private healthcare system has failed to gain market confidence. As a result, a large number of Bangladeshis rely on foreign medical treatment despite the high cost, lengthy visa process, and travel logistics (Rahman and Capitman, 2012). More than one million patients, mostly from the upper middle and affluent classes, go abroad for treatment each year, in spite of claims of the availability of modern healthcare facilities within the country (Khan, 2013). For these patients, the foreign health care benefits appear to outweigh the time and financial costs. However, this can lead to a significant decrease in Bangladesh's foreign exchange.

Recently, both government and private investors, including leading industrial and pharmaceutical companies such as Square Industries Ltd., have built new healthcare facilities. The government is also increasing the capacities and capabilities of established facilities. According to Mamun and Andaleeb (2013), the newly built private healthcare facilities can meet local demands. They also believe that the new modern hospitals could launch medical tourism in Bangladesh. Studies also suggest that even though local healthcare continues to improve, there is still an increase on the dependence of international healthcare facilities. Patient perception on the service quality and behaviour of the service provider are the major factors to choose the treatment abroad whereas comparable treatment is accessible more cost-successfully inside of the nation (Amir 2013). Foreign hospitals have established their reputation, making it more difficult for local healthcare facilities to keep up, despite their marketing efforts. Some reputable private hospitals have faced problems in recent

months. The Apollo Hospital of Dhaka, part of the Apollo chain of hospitals that invested \$45 million USD, has initiated reorganisation of management after they failed to gain a substantial profit. In March of 2008, 150 individuals, including doctors and nurses on staff, were let go from their jobs. Furthermore, the hospital continues to run at only 50% of its capacity, and has less than 300 beds, even though the space allows for 450 beds. These events have produced an ironic situation. The Apollo Hospital in Dhaka, one of the country's largest private hospitals, is underutilised despite the large demand. Rather than using local healthcare facilities, Bangladeshis are still pursuing medical services in Sri Lanka and India (Khan,2008).

Romitta Datta (2010) reported that Bangladeshi medical tourists have created jobs for hundreds of young people. For example, dozens of moneychangers and guesthouses have sprouted in the past few years in Kolkata, India. The economy engendered by medical tourism goes beyond building new hospitals. According to Mamun and Andaleeb (2013), the main weakness of Bangladeshi hospitals is the poor quality of services, low level of responsiveness of doctors, lack of empathy and courtesy while communicating with patients, and poor aesthetic appeal of hospitals. An increasing number of middle to upper class patients forego local healthcare for foreign healthcare facilities because of the lack of acceptable and credible domestic healthcare services (Khan, 2013). The lack of trust and confidence is a major obstacle in establishing a robust and resourceful private healthcare system (Ahsan, 2012; Ali, 2012; Andaleeb, 2001; Andaleeb, Siddiqui & Khandakar, 2007; Hasin, 2011; Mahdy, 2009).

Research findings show that patient perception on service quality, responsiveness of doctors, communication with patients, service provider's empathy and courtesy, and

aesthetic appeal of hospitals are key areas that require strategic thinking (Mamun & Andaleeb, 2013). Most patients complain about the attitude, conduct, and behaviour of healthcare workers. This has remained one of the major public discourses, which necessitates the incorporation of good customer (patient) service training for all nurses, doctors, and healthcare providers across Bangladesh. Nonetheless, an environment of trust and confidence in local treatment facilities will contribute considerably to the reduction of dependency on foreign medical care (Khan, 2013). Patients will continue to go abroad for better treatment until the country's healthcare system can provide a memorable experience and higher service quality, build satisfaction, and develop patient loyalty.

### **1.0.2 Changing Consumer Behaviour in Healthcare**

Development and globalisation are enhancing the competitiveness of the healthcare sector. Organisations are impelled to manage existing resources efficiently (Roberts, Hsiao, Berman, & Reich, 2008). Organisations are encouraged to redefine the relationship between quality and price, utilise limited resources efficiently, and improve service quality and overall customer perceptions to achieve a sustainable and competitive advantage. This requires investigation of cost-effective initiatives (Otani & Kurz, 2004; Otani, Kurz, Burroughs, & Waterman, 2003) and marketing strategies that can increase patient loyalty and return behaviour.

Against this scenario, it becomes even more important to understand the motivations behind customer behaviour. Providing access to a wide range of information allows customers to exercise increasing freedom when choosing healthcare providers (Wolf, 2000). Globalisation and Internet facilities have allowed customers to gain a better

perspective and information through the internet. Customers have more alternatives. Therefore, innovative marketing practices are essential to the improvement of customer perception and retention. Furthermore, the more a customer repeats business with the same organisation, the more likely he or she will become dependent on their products and services and less susceptible to lower-priced offers from the competition.

Patients become customers when they start determining the best choice with regards to health services based on the helpful information they have collected (Shackley & Ryan, 1994). Hospitals that are focused on the customer are better able to improve its market share and capacity utilisation (Boscarino, 1991; Gregory, 1986). Health systems have changed the process by which care is delivered: patients have become the centre of the overall process (Murante, 2010). Though patient satisfaction research is getting more attention, it still remains unknown if patients are truly capable of evaluating healthcare services objectively (Ben-Sira, 1976; Rao *et al.*, 2006). Hopkins *et al.*'s (1994) study demonstrated that patients were not able to effectively judge the technical competence of hospitals, and were less likely to express critical comments on the abilities of doctors. Therefore, satisfaction scores of patients may be related to their confidence in their doctor's knowledge and capabilities.

Patients may not be able to determine the technical quality of medical care based on research alone; therefore, their opinion is becoming progressively more important for healthcare services. At the end of the day, it is the consumer that decides what is acceptable and what is not. First, the patient expects to recover after hospitalisation. Some patients may be discharged from the hospital following a full recover; however, there are some more serious cases where patients may be discharged with no



improvement in their health. Patients remain unaware of the proper evaluation or the technical quality of care because clinical prognosis may differ between patients. Therefore, patients may judge their satisfaction based on the level of nonmedical quality of service they received, rather than the medical services itself (Shelton, 2000).

Patient experience and satisfaction scores has become essential in health services management, and marketing tools are more frequently used to change the management's focus toward patient-oriented healthcare services. Murante (2010) stated that when a patient leaves the hospital satisfied, he or she is more likely to comply with post-release instructions and is less likely to complain. Therefore, patient assessments are more important in the healthcare sector compared to the business sector. Healthcare providers must offer a memorable experience to ensure customer retention. Customers that have had negative experiences and are dissatisfied with the healthcare services are more likely to complain or seek compensation from the healthcare providers (Nyer, 2000). Dissatisfaction can have a serious impact on the health of the patient. For example, unhappy patients may be less likely to follow treatment recommendations, are absent at follow up appointments, or may convince other patients to seek their healthcare services elsewhere, including internationally.

Schmitt (1999) stressed that as healthcare becomes a commodity and as the industry becomes more competitive, providers can differentiate themselves from competitors through the experiences they offer to consumers. Customers expect human touch in medical care and look for experiences that directly correspond to their expectations. Unfortunately, minimal literature on healthcare services from the experiential view exists. Only a few studies have discussed experiential issues in medical institutions,

such as those by Ho et al. (2006) and Murante (2010). As per the above discussion, it is clear that experience plays an important role in patient perception. However, are patient experiences required to have long-term relationships with the hospital? What makes customers loyal to hospital service? Does customer experience have any impact on customer perception? Does customer perception influence customer loyalty?

## **1.1 Problem Statement**

Since 1971, the Bangladesh health care system has made significant improvements in various key healthcare indicators, such as the complete suppression of polio, the lowest maternal mortality rate (194 per 100,000) in South Asia, and a low child mortality rate (33 per 1,000 live births) (DGHS, 2014). These improvements were made possible through the combined efforts of the government and non-government affiliated organisations. Still, Bangladesh is lagging behind the secondary and tertiary healthcare services. Currently, the main component of the government's spending (approximately 60%) is focused on primary and preventive healthcare, with little emphasis on other aspects of healthcare. On the other hand, the number of private hospitals are increasing to meet the demand of the healthcare market.

Before 1982, a person seeking medical care had very narrowed options, if any at all, and were mostly publicly provided. Now, the situation has changed remarkably. Demand for better medical treatment has increased, especially as the middle class has gained purchasing power and the number of private hospitals has increased considerably. As a result, middle to middle-upper income classes have turned to the private sector.

Within this raising market, patients have a diverse number of choices that may lead to different behaviours. Moreover, the significant outflow of Bangladeshi patients to neighbouring countries results in the loss of more than 500 million taka (US\$ 71.2 million) each year (Banik *et al.*, 2011). Approximately 50,000 patients from Bangladesh travel to India each year in search of medical and healthcare services (Chanda, 2002; Whittaker, 2008). Affluent medical tourists go to Singapore, Malaysia, Thailand, and Australia. It can be assumed that foreign exchange flows to foreign countries, often through illegal channels (Banik *et al.*, 2011). On the other hand, Banik *et al.* (2011) identified the reasons for the preference for imported health services. Further, they compared treatment costs between foreign hospitals, domestic private hospitals, and public hospitals. The results show that the cost of treatment in private hospitals in the home country was lower than treatment from foreign hospitals, such as Singapore and India. However, patients agreed to pay more money for healthcare in foreign hospitals. The Confederation of Indian Industry and McKinsey reported that, in 2004, 150,000 foreigners, many of whom were from Bangladesh, visited India for medical treatment (WTO, 2007). Therefore, in reality, it is evident that Bangladeshi patients are ready to pay more for superior service quality.

As in any other market, it is important to understand how patient's intention and behaviour are built. This will allow private hospitals to improve their health care facility (particularly in health care marketing), and invest and develop those areas to enjoy sustainable competitive advantages. Many health service providers conduct patient surveys to measure service quality. It is commonly agreed that higher levels of customer satisfaction will result in an increased likelihood of patients returning and will enhance customer loyalty (Fisk, Grove, & John, 2007; Lovelock, 2011). However,

there is little evidence to suggest that the effort spent to increase quality service is correlated with repeated hospital visits. In fact, it was reported that organisations that have high customer satisfaction scores might actually lose market share (Reidenbach & McClung, 1998). Contrarily, some researchers claim that satisfied patients do not always equate to loyal patients (Griffin, 2002). If this is true, satisfaction surveys may not be the best indicators for patient return rates (Garman, Garcia, & Hargreaves, 2004). Alternative methods should be formulated to fully understand patient needs and efficiently measure perception and loyalty toward the hospitals.

Customer loyalty is an expected outcome for any organisation. Organisations cannot earn significant profit if customers are not loyal or keep switching to competitors. Despite increased awareness of health and medical issues, few patients possess the technical knowledge required to judge the technical components of health services (Leiter, Harvie, & Frizzell, 1998). Therefore, healthcare consumers rely more heavily on aspects of their visit that they can see and understand, such as the physical environment, facility design, customer service, and staff interactions, to assess their satisfaction (Sweeney, 2008; Berry & Bendapudi, 2003).

Experiences and attitudes that drive customers to repeat services must be identified. Although many studies cover customer satisfaction in the healthcare industry, few tackle customer perception on equity dimension and loyalty from the experiential view. Marketing investments are used to gain and maintain customer loyalty to promote customer value, which should be measured using the customer equity concept (Epstein *et al.*, 2009; Reinartz *et al.*, 2000; Lemon *et al.*, 2001). Therefore, it is crucial to identify which marketing strategies should be used to improve value, brand, and

relationship equity. According to Schmith (2011), understanding of the association between customer equity and customer experience is important to ensure marketing efforts are focused. The latter is a powerful measure to understand the customer long-term relationship.

Berry, Carbone, and Haeckel (2002) stressed that the cumulative design and development of positive emotional experience management increased the overall quality care ratings of hospitals by 13% and decreased patient complaints by one-third. Contrary to expectation, the Health Research Institute (2013) reported that customer experience insights are declining faster in the healthcare sector compared with other service industries (e.g. retail, bank, utility, and automotive). More recent literature has emerged that organisations should move forward to experience based marketing to gain a sustainable competitive advantage. Jha, Oray, Zheng, and Epstein (2008) stated that a focus on the individual patient experience leads to significant improvement in the overall perception of care in hospitalised patients. In the same vein, Zhou, Li and Liu (2010) stressed that customer experience directly involves creating memorable feelings to win the trust and loyalty of customers and promote future sales. Therefore, a positive customer experience is an important indicator for customer retention.

Theoretical and practical examinations on the relationships between customer experience and the consequent behaviour are lacking, particularly in the healthcare industry. Since there is inadequate literature on how customer experiences influence the customer equity dimension to assess customer satisfaction and loyalty, this study attempts to fill the gap and intends to investigate whether customer experiences can enhance their perception of holistic hospital services, which influences customer

satisfaction and loyalty. The study will be a significant step towards a more complete understanding of the customer experience, equity dimensions, satisfaction, and loyalty in the context of private hospitals.

## **1.2 Research Questions**

*How does customer experience and the dimensions of customer equity influence service loyalty?* This is the central research question, which is broken down further into smaller sub-research questions, and is answered through quantitative and qualitative investigations, respectively or collectively.

**RQ 1:** Does customer experience influence the dimensions of customer equity?

**RQ 2:** Does the dimensions of customer equity influence customer satisfaction?

**RQ 3:** Which dimensions of customer equity are significant determinants towards the creation of service loyalty?

**RQ 4:** Does customer satisfaction mediate the relationship between the dimensions of customer equity and service loyalty?

**RQ 5:** How does customer experience influence patients' perception on hospital services?

**RQ 6:** How are equity dimensions expressed by the customers in the private hospital service environment?

### **1.3 Research Objectives**

The main research objectives of this study are:

1. To examine the relationships between customer experience to the dimensions of customer equity;
2. To examine the relationship between the dimensions of customer equity and customer satisfaction.
3. To investigate the relative significance of each dimensions of customer equity on service loyalty;
4. To examine if customer satisfaction is a mediator between the dimensions of customer equity and service loyalty;
5. To explore if customer experience has an influence on customer perception of hospital services; and
6. To identify how customers expressed equity dimensions in the private hospital service environment.

#### **1.4 Scope of the Study**

The scope of this study includes gaining a better understanding of the holistic experience and perception of patients towards health service to help private hospitals increase patient satisfaction and loyalty. Andaleeb (2001) proposed that private hospitals ensure customer satisfaction by improving service quality. Thus, the present study will broaden its scope to include the assessment of the role of patient experience and perception on those equity dimensions that influence customer loyalty and satisfaction.

In addition, the study will integrate the understanding of customer loyalty in the health sector and investigate the role that customer experience and the dimensions of customer equity have in the creation of satisfied and loyal customers. The overall scope of the study is expected to derive results that can contribute further to the health sector and service marketing research.

#### **1.5 Significance of the Study**

The present research can potentially provide significant theoretical and practical contributions to healthcare marketing. The major theoretical contributions are the development and empirical testing of customer experience and its consequence on the dimensions of customer equity, customer loyalty, and satisfaction within an integrated research framework. Customer satisfaction will be assessed to determine if it has a mediating impact on the dimensions of customer equity and loyalty. The implications of this study will be described in more detail and are categorised into the two sub-sections below:



### **1.5.1 Theoretical Contributions**

Using the Social Exchange theory and equity theory as the underpinning theories, the study attempts to develop a cohesive research framework that synthesises customer experience, the dimensions of customer equity, satisfaction, and loyalty. A general relationship marketing theory proposed that both consumers and businesses engage in relationships for the same reasons: to optimise the expected equity (a trade-off between exchange costs and benefits) and to increase the predictability of exchange outcomes (Christy *et al.* 1996). Hence, both the equity theory and the social exchange theory are useful frameworks for investigating the reasons for engaging in relationships by explaining the impact of experience on value equity, brand equity, and relationship equity to enhance satisfaction and loyalty. This research extends beyond the traditional buying behaviour theory, which presumes that consumers are logical thinkers who make purchase decisions to solve a problem. The study realises the importance of positive customer experiences in triggering customer satisfaction and loyalty. The research is significant because it furthers previous literature on customer experience measurements. In addition, this study contributes to past research by evaluating how customer experience impacts perceptions on the dimensions of customer equity, whereas the focus of past research was on the inherent value of goods and services. Thus, this study provides additional evidence that improving customer satisfaction and loyalty can also be improved through positive customer experiences.

This study is also an attempt at bringing about a semblance of justice to the existing literature on customer experience which, at the present moment, is heavily skewed towards the entertainment industry as opposed to the healthcare sector. As highlighted by a number of studies, the relationship of customer experience to customer

satisfaction is similarly more dominantly investigated in the case of the tourism industry (Yuan and Wu, 2008; Lin *et.al* 2009; Xu and Chan,2010). The same is true in for the dimensions of customer equity. Furthermore, much of the literature on customer equity focused on the organisational perspective (Reinartz and Kumar, 2000; Rust *et al.*, 2004; Ramaseshan *et al.*, 2013). Very little attention was given to the customer perspective or from the customer's experiential view. In the same vein, there was many researches on customer experience and loyalty or customer equity and loyalty, but studies that cover relevant constructs in an integrated manner are limited (Brakus *et al.*, 2009; Schmitt, 2011).

The current study uses a mixed method approach that explores the role of customer experience and the dimensions of customer equity in loyalty formation. Mixed methods research has continuously been the main focus in social science research for the last three decades. The mixed methods approach was used in many different disciplines, such as sociology and health science (Creswell, 2009; Molina-Azorín, 2011). Although it was not widely used in management studies, mixed methods have gained acceptance for studies that use quantitative and qualitative approaches (Buchanan and Bryman, 2007; Cassell and Lee, 2011; Cassell *et al.*, 2006). This study offers a useful example of how the combination of approaches, compared with singular methods, can more comprehensively illustrate a phenomenon. The present study provides an example of how different data can be integrated at all stages to achieve maximum integration in a mixed method study. Interviews were conducted to explore the customer experience and customer equity in relation to private hospitals from a developing country. The results of the survey research, the quantitative phase, was analysed through SEM PLS. Subsequently, in-depth interviews were conducted and

analysed through a thematic analysis for the qualitative part. The rare combination of methods could set a new benchmark for future research.

### **1.5.2 Practical and Managerial Contributions**

Health professionals can no longer ignore patients' needs and demands, as globalisation and market competition has made the public more aware of health-related issues. Thus, hospitals must proactively react and change in accordance to patient needs (Neuberger, 2000). It is of the utmost importance to implement and develop marketing strategies that focus on the needs of the patient, as positive customer perceptions are critical for the survival and success of healthcare organisations. Because competition is increasing (Hoffman & Bateson, 1997), it has become especially important to identify the factors that impact customer loyalty. If these factors are addressed adequately, administrators can transform the healthcare delivery system.

Understanding patient perceptions and behaviours will improve the performance of the healthcare institution and have a direct and positive impact on the clinical outcome. Patients who are satisfied with their service are more likely to follow their recommended medical treatment or regime, leading to a better health prognosis and increased patient satisfaction (William, 1994). In addition, the rise in patient loyalty and return behaviour may effectively improve the clinical outcome for the patient. The benefits of this scenario may best be seen for the treatment of chronic diseases, such as diabetes, which necessitate regular follow-up care (Zoller, Lackland, & Silverstein, 2001).

## 1.6 Definition of Key Terms

**Affective Experience:** Affective Experience appeals to customers' inner feelings and emotions, with the objective of creating affective experiences that range from mildly positive moods linked to a brand to strong emotions of joy and pride (Schmitt, 1999).

**Brand Equity:** Brand Equity is the customer's subjective evaluation of the service provider, beyond its objectively perceived value (Rust *et al.*, 2000). Brand equity is composed of brand awareness and brand image.

**Behavioural Experience:** Behavioural Experience is the customers' prediction on specific actions and physiological reactions when interacting with an organisation's service (Brakus *et al.*, 2009).

**Dimensions of customer equity:** Customer equity refers to the total of the discounted lifetime values of all the firm's customers. There are three dimensions of customer equity—value equity, brand equity, and relationship equity (Rust *et al.*, 2000).

**Customer Experience:** Customer Experience is based on the entire experience a consumer has with a product or service. This experience is strictly personal and implies the customer's involvement at different levels (sensory, affective, behavioural, and intellectual experiences) (Barkus *et al.*, 2009).

**Customer Satisfaction:** Satisfaction is a cognitive process and emotional response to the experience of the service. Customer Satisfaction is the result of a process of evaluation of the service obtained from several different objects in the service delivery

(Swan *et al.*, 1985). Therefore, satisfaction is the customer's overall reaction to the service.

**Intellectual Experience:** Intellectual Experience is derived from the customers' knowledge. The intellectual dimension is used to predict resourceful usages of the product or service (Brakus *et al.*, 2009).

**Mixed Methods Research Design:** The mixed methods research design refers to the type of research, whereby a researcher or team of researchers combines the elements of both qualitative and quantitative approaches in the attempt to provide a breadth and depth of understanding and corroboration (Jhonson and Onwuegbuzie, 2004).

**Private Hospital:** A private hospital is a hospital owned by a profit company or a non-profit organisation and is privately funded through the payment for medical services by patients themselves, insurers, or foreign embassies.

**Relationship Equity:** Relationship Equity is the tendency of the customer to stick with the brand, beyond the customer's objective and subjective assessments of the brand (Rust *et al.*, 2000). It focuses on the trust and commitment the customer has towards the service provider.

**Sensory Experience:** Sensory Experience appeals to the senses with the objective of creating sensory experiences through sight, sound, touch, taste, and smell (Schmitt, 1999). Sensory experiences may be used to differentiate organisation and services, to motivate customers, and to add value to services.

**Service Loyalty:** Service loyalty is the degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises (Gremler and Brown, 1996).

**Value Equity:** Value equity emphasises the rational and objective aspects of the firm's offerings. It is the customer's objective assessment of the utility of a service provider, based on perceptions of what is given up for what is received (Rust *et al.*, 2000). Brand equity is composed of perceived service quality in terms of functional value, price, and convenience.

## **1.7 Organisation of the Chapters**

This thesis includes a total of five chapters. The first chapter describes the background literature and information and forms the foundation for this study, describes the research problem, and discusses the rationalisation for addressing these questions in Bangladesh. This chapter also identifies the research questions and its objectives, provides definitions of key words used throughout the study, and discusses the significance of this study. Chapter two reviews the existing relevant literatures and their findings in the areas of service loyalty, the dimensions of customer equity, customer experience, and satisfaction in the healthcare and medical sector. This chapter also discusses the contextual background of the study, which focuses on the healthcare sector of Bangladesh. Chapter two also analyses the theoretical framework used in this study and the hypotheses that were tested. The methodology used in the research, including the design, sampling protocol, and statistical analysis, is discussed