The antecedents of customer loyalty for broadband services: The role of service quality, emotional satisfaction and corporate image

Apostolos N. Giovanis\textsuperscript{a,*}, Dimitris Zondiros\textsuperscript{b}, Petros Tomaras\textsuperscript{c}

\textsuperscript{a} Dept. of Business Administration, TEI of Athens, Agiou Spiridonos, Egaleo, Athens, GR- 12210, Greece
\textsuperscript{b,c} Dept. of Marketing, TEI of Athens, Agiou Spiridonos, Egaleo, Athens, GR- 12210, Greece

Abstract

This study develops and tests a model to investigate the antecedents of customer loyalty of fixed broadband service providers in Greece. The model considers four drivers – perceived functional and technical aspects of service quality, emotional satisfaction and corporate image – that are positively related to each other and positively affect customer intentional loyalty. On evidence drawn from 573 service customers, the hypotheses, which were tested using structural equation modeling, are all supported. The results confirm that perceived service quality aspects, emotional satisfaction and image are key drivers of customer loyalty. The research emphasizes the role of emotional satisfaction and image as mediating variables between perceived service quality aspects and loyalty. The study also shows that a better understanding of the determinants of behavioral intentions in technology-mediated services occurs when affective evaluative constructs are considered along with cognitive ones.

Keywords: customer loyalty; service quality; emotional satisfaction; corporate image; fixed-broadband services; technology services marketing

1. Introduction

As the trend of the fixed broadband market growth rate in Greece is decreasing (take-up rate 23.7\%, OECD 2012) and the competition intensifies, the focus of providers’ strategy shifts from a product to a consumer orientation in order to differentiate themselves in the mind of the customers. Marketers realize that, given the difficulty of new gross additions, the challenge is to establish a healthy relationship with the existing customers so as to retain them.

* Corresponding author. +30-210-538-5230; fax: +30-210-531-4878.
E-mail address: agiovanis@teiath.gr
Maintaining high levels of loyalty is very important for operators for several reasons including higher market share, through positive referrals of existing customers to new prospects, lower marketing and operational costs and higher profitability achievements (Ladhari., R., Souiden, N., & Ladhari, I. 2011).

There are a lot of research efforts aiming at identifying the determinants of customer’s behavioral intentions comprised of customers’ intention to retain their service provider and spread positive referrals to their surrounding (Brady, M.K., Knight, G.A., Cronin. J.J., Hult. G.T.M., & Keillor, B.D. 2005). However, most of them focus on the cognitive drivers of customer behavior, such as service quality, price perception etc., though they seem to have limited ability to explain customers’ post-purchase behavior (Yu, Y.-T., & Dean, A. 2001), (Ladhari, R. 2009), (Ladhari., R., Souiden, N., & Ladhari, I. 2011), and ignore the effects of the affective content of service experience. Following Edvardsson (2005), the knowledge of the role and the impact of customer emotions in service encounters may provide service providers with tools to better manage the quality of their offerings. Another important concept that is not frequently considered in predicting customer behavioral intentions is corporate image. However, the development of a strong and impressive brand image has become a common issue of discussion in mobile operators’ management meetings in an effort to gain competitive advantage (Kandampully, J., & Hu, H.HS. 2007), (Hu, H.H.S., Kandampully, J., & Juwaheer, T.D. 2009), (Wang, C.-Y. 2010).

This paper is designed to fill these gaps by proposing and empirically testing an integrated model that describes the relationship among technical and functional aspects of service quality provided by broadband operators in Greece, emotional satisfaction, corporate image and customer loyalty. More specifically, the elements of service quality are identified and whether there is a direct or an indirect relationship, through emotional satisfaction and corporate image, between service quality and customer loyalty is ascertained.

2. Conceptual Background, Proposed Model and Hypotheses Development

2.1. Service Quality Conceptualization

Perceived service quality is the result of consumer evaluation of a service provider’s overall excellence or superiority (Parasuraman, A., Zeithaml, V.A., & Berry, L.L. 1988). It could be considered as an “attitude”, based on the so-called “disconfirmation paradigm”, where perceived service is made up by the comparison of customer expectations with their perceptions of performance (Grönroos, C. 1984), (Parasuraman, A., Zeithaml, V.A., & Berry, L.L. 1985). The extant literature on services marketing agrees that customers base their judgments about service quality level mainly on two broad aspects (Grönroos, C. 1982), (Mels, G., Boshoff, C., & Nel, D. 1997) known as technical quality which represents what a customer actually receives from the service encounter or the outcome of the service and are assessed after the service delivery, and functional quality which represents the way a service is delivered to a customer or a customer’s perception of the interaction that takes place during service delivery.

However, a lot of research efforts concerning service quality conceptualization is treating service quality as one-dimensional or multi-dimensional construct focusing on its functional elements only (Cronin, J.J., Brady, M.K., & Hult, G.T.M. 2000), (Brady, M. K., Knight, G.A., Cronin. J.J., Hult. G.T.M., & Keillor, B.D. 2005), (Cheng, T., Lai, L., & Yeung, A. 2008), which is usually measured with the SERVQUAL instrument (Parasuraman, A., Zeithaml, V.A., & Berry, L.L. 1985). The reason for that is that customers do not have the ability to discern technical quality accurately, and their evaluation of service quality level is based solely on the functional elements) of service delivery. This might be true for services with high credence-properties (e.g. medical services). However, the majority of the existing services, including broadband services, is characterized by “search-and-experience” properties where technical quality is playing a significant role (Kang, G.D. 2006).

During the last decade, more and more researchers have adopted the two-dimensional perspective for service quality (SQ) formulation in different service contexts, considering both its technical and functional aspects (Kang, G.D., & James, J. 2004), (Chen, M.F., & Wang, L.H. 2009), (Lundahl, N., Vegholm, F., & Silver, L. 2009), (Han, H., Kim, W., & Hyun, S.S. 2011), (Chen, C.F., & Cheng, L.T. 2012), (Tam, J.L.M. 2012). This separation of technical and functional aspects of service quality in a comprehensive service evaluation model is considered by Lovelock (1983) as a significant step in advancing the sophistication of our understanding of how customer perceptions of service quality are formed.
Building on the foundation laid by Kang (2006), this paper considers both aspects of service quality. Furthermore, functional service quality is conceptualized as a second-order construct having the five elements of SERVQUAL as its dimensions (Parasuraman, A., Zeithaml, V.A., & Berry, L.L. 1988). Most previous conceptualizations of service quality primarily adopt a reflective perspective to measurement (Kang, G.D., & James, J. 2004), (Kang, G.D. 2006), (Ladhari, R., Souiden, N., & Ladhari, I. 2011). However, several researchers contend that the construct of functional quality would not exert varying effects on its five subdimensions and it might be more appropriate to treat the five elements of SERVQUAL as formative indicators of the second-order construct (Carr, C. L. 2007).

2.2. Emotional satisfaction

The role of emotions has recently gained attention in the literature of services marketing (Bigné, J.E., Mattila, A.S., & Andreu, L. 2008), (Wong, A. 2004), (Ladhari, R., Souiden, N., & Ladhari, I. 2011). Edvardsson (2005) argues that knowing what is affecting customers’ emotional reactions, during service encounters, and how these are influencing their behavior, helps service providers to better manage their offering. However, only a few studies consider emotional reactions in their models of service experience evaluations and customer loyalty. Oliver (1997, p. 319) suggests that emotion during consumption “coexists alongside various cognitive judgments in producing satisfaction” and Landhari et al. (2008) are considering satisfaction with service experience as a cognitive along with an emotion-based response.

Several studies have verified the direct positive relation between service quality level and emotional satisfaction for hedonic services (Wong, A. 2004), (Ladhari, R. 2009), (Ladhari, R., Brun, I. & Morales, M. 2008), but only one study, in the utilitarian service context (banking industry), has also confirmed the proposed relationship (Ladhari, R., Souiden, N., & Ladhari, I. 2011). Given that the research setting of the current study is broadband services, which are mainly considered as utilitarian, it is proposed that both aspects of SQ have a positive effect on emotional reactions to service experiences:

**H1**: Service provider’s technical quality is positively related with consumer emotional satisfaction.

**H2**: Service provider’s functional quality is positively related with consumer emotional satisfaction.

2.3. Corporate Image

Corporate image has been identified as an important factor in the overall judgment of a service provider. It is defined as the mental picture that springs up at the mention of a firm's name. It is a composite psychological impression that continuously changes with the firm's circumstances, media coverage, performance, etc. Similar to a firm's reputation or goodwill, it is the public perception of the firm, rather than a reflection of its actual state or position (Barich, H., & Kotler, P. 1991). According to Reichheld & Aspinall (1994), even a satisfied customer, in highly competitive markets, switches service providers in order to join a competitor that offers more satisfying services. For this reason, Ladhari et al. (2011, p.116), considering the findings of Reichheld & Aspinall (1994) and Bloemer et al. (1998), argues that “image becomes an important tool for service providers in reinforcing position, retaining customers and maximizing profitability”.

Previous research efforts have validated the relationship between service quality and image in different service settings (Cheng, T., Lai, L., & Yeung, A. 2008), (Hu, H.H.S., Kandampully, J., & Juwaheer, T.D. 2009), (Ladhari., R., Souiden, N., & Ladhari, I. 2011). Ostrowski et al. (1993) claim that positive services delivery over time leads to positive image. As far as the relationship between emotional satisfaction and image is concerned, Johnson et al. (2001), in their study on various national satisfaction index models, stressed that corporate image should be modeled as an outcome rather than a driver of satisfaction and Kandampully & Hu (2007), Hu et al. (2009) and Ladhari et al. (2011) have found that emotional satisfaction positively contributes to image’s enhancement as it is reflecting all previous customers’ purchase experience. Based on the literature discussed, the following hypotheses were developed:

**H3**: Technical quality has a positive influence on corporate image.

**H4**: Functional quality has a positive influence on corporate image.
H5: Corporate image is positively associated with emotional satisfaction.

2.4. Customer Loyalty

Oliver (1997, p. 392) defined customer loyalty as a “deeply held commitment to rebur y or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”. The benefits of customer loyalty have been discussed in many studies and include, among others, increased repurchase volume, better acquisition rates from positive word-of-mouth communication and lower sensitivity to price increases (Zeithaml, V, Berry, L., & Parasuraman, A. 1996).

The impact of service quality aspects on customer loyalty is still under investigation. Several previous research efforts indicated that service quality indirectly affects customer loyalty, through customer satisfaction and corporate image (Cheng, T., Lai, L., & Yeung, A. 2008), (Kandampully, J., & Hu, H.H.S. 2007), (Hu, H.H.S., Kandampully, J., & Juwaheer, T.D. 2009). However, other studies have shown a direct impact of service quality on customer loyalty given the presence of customer satisfaction and/or customer image (Dagger, T.S., & Sweeney, J.C. 2006), (Shukla, P. 2010), (Ladhari., R., Souiden, N., & Ladhari, I. 2011). Based on the above literature review and considering hypotheses H1 through H4, this research proposes that service quality aspects have direct and indirect effects on customer loyalty i.e.

H6: Service provider’s technical quality has a positive influence on customer loyalty.

H7: Service provider’s functional quality has a positive influence on customer loyalty.

Bagozzi et al. (1999) (quoted in Ladhari et al. (2011, p. 115]) argue that “emotions can play the role of markers, mediators and moderators of consumer responses and behaviors”. Ladhari et al. (2011) provide an extended review about the impact of emotions in service encounters evaluation, in service experiences overall evaluation and in customer intentional loyalty. Finally, Yu & Dean (2001) found that the affective/emotional components of satisfaction presented a better predictive ability of positive word-of-mouth (WOM), than the cognitive components of satisfaction. Based on the above, the following hypothesis is proposed:

H8: Customer emotional satisfaction positively affects customer loyalty.

Corporate image is believed to serve as an important factor that enhances customer loyalty (Kandampully, J., & Hu, H.H.S. 2007), (Hu, H.H.S., Kandampully, J., & Juwaheer, T.D. 2009), (Ladhari., R., Souiden, N., & Ladhari, I. 2011). Johnson et al. (2001) argue that image, as an attitude, should directly influence intentional loyalty. Thus, the following hypothesis is proposed:

H9: Corporate image positively affects customer loyalty.

3. Research Methodology

3.1. Data Collection and Sample Profile

Data were collected during the last quarter of 2012 using a convenience sample of 600 customers of fixed broadband service providers in Greece. Using the mall-intercept, potential respondents were asked to complete a self-administered questionnaire. In order to have a more reliable study and a more representative sample, the respondents were personally contacted by trained senior students, who used a quota sampling procedure in terms of gender and age, in different areas of the Attica region, to reach much of the heterogeneous population, avoid location-based bias, and ensure a wide spread of potential respondents. The quotas were determined using the findings of an ongoing research conducted by FocusBari. Of the 600 complete questionnaires, 27 questionnaires were eliminated due to incomplete data, leaving 573 questionnaires for data analysis. The majority of the participants were male (55%). 38% of the respondents were less than 34 yrs old, 44% were in 34-45 age group, and 18% were more than 55 years old. In terms of educational background, 50% of the respondents had a university degree. 54% of respondents had a monthly income of less than € 1,000, 39% between € 1,000 and € 2,000, and 5% had a monthly income of € 2,000 or more.
3.2. Measures

Scales from previous research studies were used as the source of the measures for the constructs included into the proposed model of the present study. Perceived functional quality’s (FQ) determinants were measured using the SERVPERF scale, which uses the perception-only scores of the SERVQUAL instrument (Cronin, J.J., & Taylor, S.A. 1992). The SERVPERF scale includes 22 items representing five dimensions: Reliability (REL) and Empathy (EMP) measured by 5 items each, and Assurance (ASS), Responsiveness (RES) and Tangibles (TAN) measured by 4 items each. Technical quality (TQ) was measured with a scale provided by Kang & James (2004), assessing network quality. Emotional satisfaction (ES) and corporate image (CI) were measured using three items each, which were adopted from Ladhari et al. (2011). Finally, customer loyalty (CL) was measured using three items, which were adopted from Zeithaml et al. (1996), assessing intentions to retain the current provider and willingness to recommend the service provider to others. Likert scales (1–7), with anchors ranging from “strongly disagree” to “strongly agree” were used for all items to ensure statistical variability among survey responses for all items measured.

4. Data Analysis and Results

4.1. Data Analysis Method

The method of partial least squares path methodology (PLS-PM), an implementation of structural equation modeling (SEM) with Smart PLS 2.0 M3 (Ringle, C.M., Wende, S., & Will, A. 2005), was employed to examine our measurement model and test the proposed hypotheses. This approach was chosen because it has less strict requirements on sample size and residual distributions than covariance-based SEM techniques (Chin, W.W., Marcolin, B.L., & Newsted, P.N. 2003). Second, statistical identification with formative models is difficult for covariance-based SEM methodologies, while PLS permits the simultaneous testing of hypotheses while enabling the use of both reflective and formative constructs (Chin, W.W. 1998). In order to operationalize the second-order formative construct of functional quality, a repeated indicators approach was used (Lohmöller, J.-B. 1989), where the functional quality factor was measured by the performance-only indicators of all SERVQUAL elements.

4.2. Measurement Model Assessment – First Order Constructs

All first-order factors in the proposed model are reflective and as such their measurement quality was assessed based on their convergent validity, reliability, and discriminant validity. Convergent validity is suggested if factor loadings exceed a threshold value of 0.7 on its respective, which implies more shared variance between the construct and its measures than the error variance (Carmines, E.G., & Zeller, R.A. 1979). Based on Table 1, all indicators exceed 0.72 providing strong convergent validity. Then, the reliability of all constructs was examined using the measures of Composite Reliability (CR) and Average Variance Extracted (AVE) (Fornell, C., & Larcker, D.F. 1981). It is suggested that a value of 0.7 for CR and 0.5 for AVE provide adequate evidence for scales reliability (Fornell, C., & Larcker, D.F. 1981). As shown in Table 1, CR and AVE of all reflective measures included in the study exceed 0.90 and 0.63 respectively suggesting that all items are good indicators of their respective components. The discriminant validity assessment was conducted by comparing the AVE from each construct with its communal variance shared with other constructs. Table 1 gives the inter-construct correlations and square roots of the AVE (diagonal entries) of the first-order constructs. The results show that square roots of AVE extracted for all first-order constructs are higher than their shared variance, which confirms the discriminant validity of the constructs (Fornell, C., & Larcker, D.F. 1981).
Table 1. First-order reflective constructs assessment

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>Nbr. of items</th>
<th>Loadings</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reliability</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>0.76-0.87</td>
<td>0.91</td>
<td>0.66</td>
</tr>
<tr>
<td>2. Assurance</td>
<td>0.44</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>0.81-0.85</td>
<td>0.90</td>
<td>0.69</td>
</tr>
<tr>
<td>3. Responsiveness</td>
<td>0.47</td>
<td>0.56</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>0.86-0.88</td>
<td>0.92</td>
<td>0.75</td>
</tr>
<tr>
<td>4. Empathy</td>
<td>0.31</td>
<td>0.47</td>
<td>0.40</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>0.72-0.86</td>
<td>0.90</td>
<td>0.63</td>
</tr>
<tr>
<td>5. Tangibles</td>
<td>0.28</td>
<td>0.31</td>
<td>0.25</td>
<td>0.34</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>0.86-0.90</td>
<td>0.92</td>
<td>0.74</td>
</tr>
<tr>
<td>6. Technical Quality</td>
<td>0.33</td>
<td>0.27</td>
<td>0.25</td>
<td>0.33</td>
<td>0.32</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>0.85-0.94</td>
<td>0.94</td>
<td>0.80</td>
</tr>
<tr>
<td>7. Emotional satisfaction</td>
<td>0.57</td>
<td>0.39</td>
<td>0.40</td>
<td>0.37</td>
<td>0.31</td>
<td>0.48</td>
<td>0.93</td>
<td></td>
<td></td>
<td>4</td>
<td>0.92-0.94</td>
<td>0.95</td>
<td>0.87</td>
</tr>
<tr>
<td>8. Corporate image</td>
<td>0.42</td>
<td>0.29</td>
<td>0.26</td>
<td>0.22</td>
<td>0.43</td>
<td>0.31</td>
<td>0.55</td>
<td>0.89</td>
<td></td>
<td>3</td>
<td>0.87-0.90</td>
<td>0.92</td>
<td>0.79</td>
</tr>
<tr>
<td>9. Customer loyalty</td>
<td>0.51</td>
<td>0.35</td>
<td>0.35</td>
<td>0.28</td>
<td>0.31</td>
<td>0.44</td>
<td>0.68</td>
<td>0.55</td>
<td>0.94</td>
<td>3</td>
<td>0.93-0.95</td>
<td>0.96</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Table 2. Second-order formative construct assessment

<table>
<thead>
<tr>
<th>Construct</th>
<th>Coefficient</th>
<th>t-value</th>
<th>Lower bound (95%)</th>
<th>Upper bound (95%)</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>0.28</td>
<td>13.49</td>
<td>0.23</td>
<td>0.33</td>
<td>2.15</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.23</td>
<td>18.10</td>
<td>0.20</td>
<td>0.25</td>
<td>2.62</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.24</td>
<td>18.85</td>
<td>0.21</td>
<td>0.27</td>
<td>2.40</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.23</td>
<td>13.69</td>
<td>0.20</td>
<td>0.27</td>
<td>2.17</td>
</tr>
<tr>
<td>Tangibles</td>
<td>0.22</td>
<td>13.49</td>
<td>0.18</td>
<td>0.26</td>
<td>1.71</td>
</tr>
</tbody>
</table>

4.3. Measurement Model Assessment – Second Order Constructs

The measurement quality of the formative second order factor of functional quality was tested following the suggestion of Chin (1998). The correlations among the five first-order constructs of SERVQUAL were examined. The absolute correlations among these constructs range from 0.25 to 0.56 and the average is 0.38. This result suggests that functional quality is better represented as a formative second-order variable instead of a reflective one, since for reflective second-order constructs the correlation among its first-order constructs would be extremely high (above 0.8) (Pavlou, P.A., & El Sawy, O.A. 2006).

The strength of the relationship between the second-order construct for functional quality and its first-order dimensions is then assessed. As shown in Table 2, all first-order components were found to have significant path coefficients in forming the customer perception about functional quality. Results suggest that among the factors forming functional quality, reliability is the most important driver (0.28), followed by all others factors, whose impact on it ranges from 0.22 to 0.24. The variance inflation factors (VIF) were then computed for these first order factors to assess multicollinearity (see Table 2 for VIF values). VIF values above 10 would suggest the existence of excessive multicollinearity and raise doubts about the validity of the formative measurement (Diamantopoulos, A., & Winklhofer, H. 2001). The VIF values for the first order functional quality-related factors varied from 1.71 to 2.62. Therefore, multicollinearity is not a concern for the functional quality indicators.

4.4. Assessment of the structural model and hypotheses testing

The PLS method was also used to confirm the hypothesized relations between constructs in the proposed model. The significance of the paths included into the proposed model was tested using a bootstrap resample procedure. In assessing the PLS model, the squared multiple correlations (R^2) for each endogenous latent variable were initially examined and the significance of the structural paths was evaluated. The proposed relationships are considered to be supported if the corresponding path coefficients had the proposed sign and were significant. The results of hypothesis testing using PLS are summarized in Table 3.

The path analysis shows that technical and functional aspects of service quality have positive and significant effects on emotional satisfaction explaining 65% of its variance. Therefore, H1 and H2 are confirmed, since it was found to be statistically significant and the relevant path coefficients have the hypothesized signs. Emotional satisfaction plays the most important role in corporate image’s formulation followed by the functional aspect of
service quality, explaining 58% of its variance. These findings support the validity of H4 and H5. H3 is not supported since technical quality has not a significant direct impact on corporate image formulation. Technical quality is affecting corporate image only indirectly through emotional satisfaction. Finally, customer loyalty is significantly affected by all proposed constructs explaining 73% of its variance. Emotional satisfaction has the greatest effect, followed by corporate image. The effects of service quality aspects, though much lower that the former two constructs, are statistically significant. Thus, hypotheses H6 to H9 are all supported.

<table>
<thead>
<tr>
<th>Causal path</th>
<th>Path coefficient</th>
<th>t-value</th>
<th>R²</th>
<th>Hypothesis testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical quality → Emotional satisfaction</td>
<td>0.34</td>
<td>3.41</td>
<td>0.65</td>
<td>H1 supported</td>
</tr>
<tr>
<td>Functional quality → Emotional satisfaction</td>
<td>0.55</td>
<td>6.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical quality → Corporate image</td>
<td>0.03</td>
<td>0.30</td>
<td></td>
<td>H3 not supported</td>
</tr>
<tr>
<td>Functional quality → Corporate image</td>
<td>0.26</td>
<td>2.12</td>
<td>0.58</td>
<td>H4 supported</td>
</tr>
<tr>
<td>Emotional satisfaction → Corporate image</td>
<td>0.52</td>
<td>4.55</td>
<td></td>
<td>H5 supported</td>
</tr>
<tr>
<td>Technical quality → Customer loyalty</td>
<td>0.13</td>
<td>4.15</td>
<td></td>
<td>H6 supported</td>
</tr>
<tr>
<td>Functional quality → Customer loyalty</td>
<td>0.10</td>
<td>2.85</td>
<td></td>
<td>H7 supported</td>
</tr>
<tr>
<td>Emotional satisfaction → Customer loyalty</td>
<td>0.46</td>
<td>4.32</td>
<td>0.73</td>
<td>H8 supported</td>
</tr>
<tr>
<td>Corporate image → Customer loyalty</td>
<td>0.26</td>
<td>2.94</td>
<td></td>
<td>H9 supported</td>
</tr>
</tbody>
</table>

The results also revealed the partially mediating role of emotional satisfaction and corporate image on the relation between service quality aspects and customer loyalty, since their indirect effects on customer loyalty (0.393 and 0.208 respectively) are greater than their relevant direct effects, supporting the results of Ladhari et al. (2011).

5. Discussion and implications

This study develops and empirically tests a conceptual model of the determinants of customer loyalty in the fixed broadband market considering four antecedents: technical and functional aspects of service quality, emotional satisfaction and corporate image. The results show that (i) both service quality aspects are positively associated with emotional satisfaction and customer loyalty; (ii) technical quality does not seem to affect corporate image formulation; (iii) emotional satisfaction is positively associated with image and customer loyalty; and (iv) image is positively associated with loyalty. This research provides valuable insights regarding the role of emotions in service experience evaluation and customer loyalty.

The above findings have several practical implications. First, given the direct and indirect (through emotions and/or image) impact of both service quality aspects on customer loyalty, service providers have to continuously improve the quality of their service offering, especially those related with the functional aspects of service quality. Second, service quality and image, along with customers’ reactive emotions to service provider’s deliverables affect loyalty. Thus, broadband service operators have to stop focusing on customers’ cognitive feedback only, and try to establish measures aiming at tracking customer emotions. The identification of service attributes that lead to positive or negative emotions will help marketers to adjust their current service packages accordingly or to develop new service offerings aiming at improving corporate image and boosting customer loyalty.

References


