

THE INFLUENCES OF SERVICE QUALITY, IMAGE AND SATISFACTION TO CUSTOMER LOYALTY

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ABSTRACT

It is inevitable that service firms should deliver an excellent service. It is supposed might lead to customer satisfaction. Since customer satisfaction is customers' evaluation of a service whether it meets their expectation, the higher a service quality the higher the customer satisfaction. The reputation of service firms in handling customers' needs by delivering services as what customers' expected lead to a favorable image. Both, satisfaction and image are supposed to generate customer loyalty. The study proposes that service quality produces an effect to satisfaction and customer loyalty. In addition, the study also proposes that image influences customer satisfaction and loyalty. Respondents submitted from 113 banks. Data analyzed by structural equation modeling. The findings support others' researchers beforehand that service quality gives an effect to satisfaction, and that image influences customer loyalty. However, the hypotheses that service quality leads to customer loyalty, and that satisfaction leads to customer loyalty, as well as that image influence customer satisfaction, are not in accordance with the empirical data.

Keywords: service quality, satisfaction, image, customer loyalty

Introduction

Kotler (2000) asserts the importance of maintaining old customers than looking for new customers. Despite it reconciles the relationships between firm and customers, it apparently saves cost which in turn yields higher profit. Reichheld and Sasser (1990) state that by retaining just 5% more of their customers, companies can boost their profits by almost 100%. This is absolutely true particularly for service firms. Therefore, one of the greatest challenges faces such organization is how to keep customers repurchase and repurchase again the service (Assael, 1998). The company's effort to encourage a favorable attitude toward the service that resulting in consistent purchase, is obviously not easy. Nevertheless, it is a compulsory otherwise the company's survival will be jeopardized.

Customer loyalty does not virtually appear instantly. It should be firstly triggered from the service quality. According to Berry, Parasuraman and Zeithaml (1988) service quality has become a great differentiator and the most powerful weapon which many leading service firms possess. Service business success has been associated with the ability to deliver superior service (Rudie & Wansley, 1984; Gale, 1990). Delivering superior service by maintaining high quality is a prerequisite for success (Parasuraman, Berry, and Zeithaml, 1988; 1991). Leading service firms strive to maintain a superior service in an effort to gain customer loyalty (Zeithaml & Bitner, 1996; Kandampully, 1998).

The superior service inevitably leads to customer satisfaction. It is not hard to imagine while the perceived service is in accordance with the expected service, a pleasure of feeling arises (Parasuraman, Zeithaml, and Berry, 1994). There is considerable evidence that service quality is an antecedent to customer satisfaction (Woodside, Frey, and Daly, 1989;

Reidenbach and Sandiver-Smallwood, 1990; Cronin and Taylor, 1992; Patterson & Johnson, 1993; Bloemer, Ruyter, and Wetzels (1998). The higher quality of service in customer perception, the higher the degree of satisfaction the customers feel (Szymanski & Henard, 2001).

Although that has been reported the study of Jones & Sasser (1995) and Mittal & Lassar (1998) reporting the existence of influence of customer satisfaction to customer loyalty, the relationship between evaluations of service quality and loyalty has remained underdeveloped (Gremler & Brown, 1996). Although the existence of that relation is partly understood (Zeithaml & Bitner, 1996; Zeithaml *et al.* 1996 in Bloemer *et al.* 1998), the overall relationship among service quality, satisfaction, and customer loyalty has not yet been intensely explored (Zeithaml, 2000; Olsen, 2002). However, among of few researchers who examine that relationship, the study of Carnana (2002) can be reported who finds customer satisfaction plays a mediating role in the effect of service quality on loyalty.

The purpose of the study is to explore the link among corporate image, service quality, satisfaction, and loyalty. Despite no longer doubt of the relationship among service quality, satisfaction and loyalty, the involvement of image in the relationship needs clarification.

Intuitively, image leads to trust. If a consumer perceives that other people are of the opinion that the company is known to be fair, just and excellent, that consumer may feel more secure in acquiring and using the service. Hopefully, the service conforms the expectation, and in turn leads to loyalty. Some empirical studies can be reported, such as Geok & Sook (1999) who recommend that there is an influence of company reputation to customer trust. Likewise, there is an influence of customer trust to customer loyalty. Osman (1993) and Murphy (1996) report that there is some evidence that loyalty may also be determined by image. Riana Iswari and Retno Tanding Suryandari (2003) investigate the influence of corporate image to customer loyalty, and the influence does exist. Bloemer, Ruyter, and Peeters (1998) identify the link between the first three have an effect to customer loyalty. Enlightenment of theoretically review, methods, analysis and findings are reported.

Service Quality

The ever-growing competition in service business leads service firms uneasy to survive. It is going to be harder when the competition generates continuous increase in customer expectation (Joseph & Walker, 1988). Moreover, customers are becoming increasingly critical of the quality of service they experience (Albrecht & Zemke, 1985). It inevitably forces service firms to deliver superior quality of service of at least be better than others while be a leader in the market place is at purpose (Kandampully, 1998).

What exactly is quality? Various experts have defined it as “fitness for use”, “conformance to requirements”, “freedom from variation”, and so on (Kotler & Keller, 2006). Put the definition of the American Society for Quality Control (in Kotler & Keller, 2006: 139): “... the seller has delivered quality whenever the seller’s product or service meets or exceeds the customers’ expectations.” A company that satisfies most of the customers’ needs most of the time is called a quality company.

The primary objective of the service firms is identical to that of the tangible goods firms, i.e. satisfying customer needs (Kotler, 2000). Thereby, service firms need to know how customers evaluate the quality of service and how they choose a favorable service firms (Kandampully, 1998). Quality of service in accordance with Zeithaml (1988) diversified in form of objective quality and perceived quality. While the objective quality does not exist (Maynes, 1976 in Zeithaml, 1988), evaluations of quality are subjective. Thus, the only possible evaluation is perceived quality.

Perceived quality is defined as: “Consumer’s appraisal of a product’s overall excellence or superiority.” (Zeithaml, 1988: 474). Following extensive research on so-called perceived service quality model, it has been recognized that customers evaluate service quality by comparing the service provider’s actual performance perceptions with what they believe service performance would be expectations in their service experience (Gronroos, 1982; Lehtinen & Lehtinen, 1982; Lewis & Booms, 1983; Parasuraman, Zeithaml, & Berry, 1985; Lidqvist, 1987; Zeithaml, Berry, & Parasuraman, 1988).

Measuring Service Quality. Some practitioners and writers tend to use the term service quality is alike with satisfaction. Both are interchangeably (Valerie & Bitner, 2004). However, for the purpose of research, further investigation is needed to distinguish each concept. Consensus is growing that the two concepts are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions on service. Based on this view, perceived service quality is a component of customer satisfaction (Valerie & Bitner, 2004).

Over years services researches have suggested that consumers judge the quality of services based on their perceptions of the technical outcome provided, the process by which that outcome was delivered, and the quality of the physical surroundings where the service is delivered. Some researches view the aspects of service quality in a different way. Gronroos (1982) defines two types of quality i.e. technical and functional, referring to the outcome of the service and the manner in which it is delivered. Brady and Cronin (2001) consider the aspects of service quality as outcome quality, interaction quality, and physical environment quality. Rust and Oliver (1994) define three aspects as service product, service delivery, and service environment. In addition, Bitner (1993) describes the “evidence of service” quality as consisting of the three new Ps for services i.e. people, process, and physical evidence.

Recently, two instruments of measuring the service quality are well known, i.e. the Servqual and the Servperf. Both rely on five dimensions, which is as follows,

- Reliability, ability to perform the promised service dependably and accurately
- Responsiveness, willingness to help customers and provide prompt service
- Assurance, employees’ knowledge and courtesy and their ability to inspire trust and confidence
- Empathy, caring, individualized attention given to customers
- Tangibles, appearance of physical facilities, equipment, personnel, and written materials

Those who believe Servqual is the best tool to measure service quality insist that service quality is the discrepancy between customers’ expectations and perceptions (Parasuraman, Zeithaml, and Berry, 1994). Lewis & Booms (1983) declare that service quality is a measure of the degree to which the service delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.

Conversely, those who prefer Servperf instrument focus the measurement on performance basis (Cronin & Taylor, 1992). Administering an instrument containing only performance items explains more variation in service quality than does the entire Servqual instrument (Shepherd, 1999). The decision to focus on performance items is consistent with studies conducted by Carman (1990), Teas (1993), and Brown, Churchill, and Peter (1993). Even, Teas (1993) strongly recommends elimination of the expectation items in applied service quality research.

Despite criticism of the general applicability of the perceived service quality model by Cronin and Taylor (1994), and Teas (1994), the instrument supposed as a concise multiple-

item with good reliability (Lewis & Mitchell, 1990). The Servqual also has been widely accepted as a valid instrument (Fisk, Brown, and Bitner, 1993).

Satisfaction

Satisfaction arises after experiencing a service delivered. It results from experiencing a service quality encounter and comparing that encounter with what was expected. Oliver (1997) defines satisfaction as follows: “Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment.”

In less technical terms, it is interpreted this definition to mean that satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectation (Valerie & Bitner, 2004). Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.

Arnould, Price, and Zinkhan (2001) identify that satisfaction can also be related to other types of feeling, depending on the particular context or type of service. For example, satisfaction can be viewed as contentment- more of a passive response that consumers may associate with services they don’t think a lot about or services that they receive routinely over time. Satisfaction may also be associated with feelings of pleasure for services that make the consumers feel good or are associated with a sense of happiness. For those services that really surprise the customer in a positive way, satisfaction may mean delight. In addition, in some situations, where the removal of a negative leads to satisfaction, the consumer may associate a sense of relief with satisfaction.

It is also important to recognize that satisfaction is really not static, but dynamic. It is moving target, that may evolve over time, influenced by a variety of factors (Fournier & Mick, 1999). Particularly when product usage or the service experience takes place over time, satisfaction may be highly variable depending on which point in the usage or experience cycle one is focusing on. Similarly, in the case of very new services or a service not previously experienced, customer expectations may be hardly forming at the point of initial purchase, these expectations will solidify, or will go hard, as the process unfolds and the consumer begins to form his or her perceptions. Through the service cycle the consumer may have a variety of different experiences, that is some good, some not good, and each will ultimately impact satisfaction.

Measuring Customer Satisfaction. Since satisfaction corresponds to customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectation (Valerie & Bitner, 2004), as a consequence, satisfaction is a function of perceived performance and expectations. If the performance is under the expectations, the customer is dissatisfied. If the performance concords the expectations, the customer then is satisfied. Satisfaction is thus perceived to be a post-consumption evaluation or a pleasurable level of consumption-related fulfillment (Oliver, 1996 in Ruyter & Bloemer, 1999). In other words, satisfaction then measured by the fulfillment of needs, desires, goals and so forth which is pleasurable (Oliver, 1999).

Image

Good impression of a customer may refer to two things, identity and image. Image of a company is different with identity. According to Kotler (2000: 296): “Identity is the way a company aims to identify or position itself or its product.” While image is: “The way the public perceives the company or its products.” (Kotler, 2000: 296).

Identity is obviously under control of a company. It establishes the product’s characters

and value proposition. It conveys this character in a distinctive way. It delivers emotional power beyond mental image. It should be conveyed through every available communication vehicle and brand contact. It should be diffused in ads, annual reports, brochures, catalogs, packaging, company stationery, and business cards (Kotler, 2000). Conversely, image is affected by many factors beyond the company's control. People's attitudes and actions toward an object are highly conditioned by that object's image (Bloemer, Ruyter, & Peeters, 1998). Therefore, a definition can be taken into account (Kotler, 2000: 553): "Image is the set of beliefs, ideas, and impressions a person holds regarding an object. People's attitudes and actions toward and object are highly conditioned by that object's image."

Factors Determining Image. People develop knowledge systems to interpret their perception of the company (Andreassen & Lindestad, 1998). Corporate image is believed to have the same characteristics as self schema (Markus, 1977), with regard to influencing the buyers purchasing decision, i.e. good corporate image stimulates purchase from one company by simplifying decision rules. In this context corporate image becomes an issue of attitudes and beliefs with regard to awareness and recognition (Aaker, 1991), customer satisfaction and consumer behavior (Fornell, 1992). Corporate image can be extrinsic information cue both existing and potential buyers and may or may not influence customer loyalty (e.g. willingness to provide positive word-of-mouth).

Measuring Image. Consumers develop a set of brand beliefs about where each brand stands on each attribute. The set of belief about a brand make up the brand image. The consumers' brand image will vary with his or her experiences as filtered by the effects of selective perception, selective distortion, and selective retention (Kotler, 2000).

The consumers arrive at attitude (judgments, preferences) through an attribute evaluation procedure. Say, somebody has narrowed his or her choice to four computers: A, B, C, and D. Supposed he or she is interested in four attributes i.e. memory capacity, graphics capability, size and weight, and price. If one computer dominates the others on all criteria, the choice will be easily predicted that he or she will fall to the best. While his or her choice set consists of brands that vary in their appeal, as a consequence, he or she will buy brands which are in accordance with their attribute's advantage.

Likewise, a favorable image is viewed as a critical aspect of a company's ability to maintain its market position, as image has been related to core aspects of organizational success such as patronage (Granbois, 1981; Korgaonkar *et al.* 1985). In retail institution, such as banking, image is formed along the lines of category-based processing theory, i.e. when a customer encounters a bank, he or she will form a mental picture as to whether the bank matches any other categories of banks experienced in the past (Keaveney & Hunt, 1992). Therefore, according to the category-based processing paradigm, it is proposed that incoming information, as well as customer evaluation of attributes, will be judged relative to the bank image (Bloemer, Ruyter, & Peeters, 1998).

Loyalty

Initially, the conceptualization of the loyalty construct focused on brand loyalty with respect to tangible goods (Kostecki, 1994). Cunningham (1956) defined brand loyalty as: "...the proportion of purchases of a household devoted to the brand purchased most often." The definition is likely still going on since such definition discovered in Assael (1995: 131) which is as follows, "Brand loyalty represents a favorable attitude toward a brand resulting in consistent purchase of the brand over time."

While only few studies have examined customer loyalty of services (Oliver, 1997), in a services context, loyalty is frequently defined as observed behavior (Liljander & Strandvik,

1995). However, Dick and Basu (1994) find that intangible attributes such as reliability and confidence may play a major role in building or maintaining loyalty. Jacoby and Chestnut (1978) suggest that not only behavioral aspects but also attitudinal aspects should be operated on loyalty dimensions. Brand loyalty then believed as biased (i.e. non random), behavioral response (i.e. purchase), expressed over time, by some decision making unit, with respect to one or more brands out of such brands, and is a function of psychological processes. The attitudinal aspects viewed as, for instance, in the willingness to recommend a service provider to other consumers (Selnes, 1993 in Bloemer, Ruyter, & Wetzels, 1999). Much of the work on loyalty on this decade has used this conceptualization (Hallowell, 1996).

Furthermore, Gremier and Brown (1996) recognize that there is also cognitive side to customer loyalty (Gremier & Brown, 1996). The new concept of loyalty, which refers to service loyalty, then can be formulized as: "The degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists." (Gremier & Brown, 1996). Such notion then reflected in the work of Zeithaml, Berry, & Parasuraman (1996) in Bloemer, Ruyter, & Wetzels (1999) in measuring service loyalty.

Measuring Loyalty. Wulf, Schroder, and Lacobucci (2001) determine the measurement of loyalty through two aspects i.e. recommendation to others and intensively purchasing. Whereas Getty and Thompson (1994) measure loyalty through attitude dimension (positive reference to others, recommendation to others) and behavior dimension (trust, repurchase, and loyalty).

Hypotheses Formulation

While firms strive to maintain a superior service in an effort to gain customer loyalty (Zeithaml & Bitner, 1996; Kandampully, 1998), some studies also report that service quality is antecedent to customer satisfaction (Woodside, Frey, and Daly, 1989; Reidenbach and Sandiver-Smallwood, 1990; Cronin and Taylor, 1992; Patterson & Johnson, 1993; Bloemer, Ruyter, and Wetzels, 1998; Szymanski & Henard, 2001). In addition, Carnana (2002) reports that satisfaction plays a mediating role in the effect of service quality on loyalty. Due to the findings has been reported two hypotheses can be formulated,

- H1: The higher the service quality the higher the effect on customer loyalty
- H2: The higher the service quality the higher the effect on satisfaction
- H3: The higher the satisfaction the higher the effect on customer loyalty

Geok & Sook (1999) recommend that there is an influence of company reputation to customer trust. Likewise, there is an influence of customer trust to customer loyalty. Osman (1993) and Murphy (1996) report that there is some evidence that loyalty may also be determined by image. Iswari and Suryandari (2003) investigate the influence of corporate image to customer loyalty, and the influence does exist. Bloemer, Ruyter, and Peeters (1998) identify the link between the first three have an effect to customer loyalty. Thereby, following hypotheses can be proposed,

- H4: The higher the image the higher the effect on satisfaction
- H5: The higher the image the higher the effect on customer loyalty

Research Model

Due to the hypotheses proposed, as a consequence the model of research is as follows,

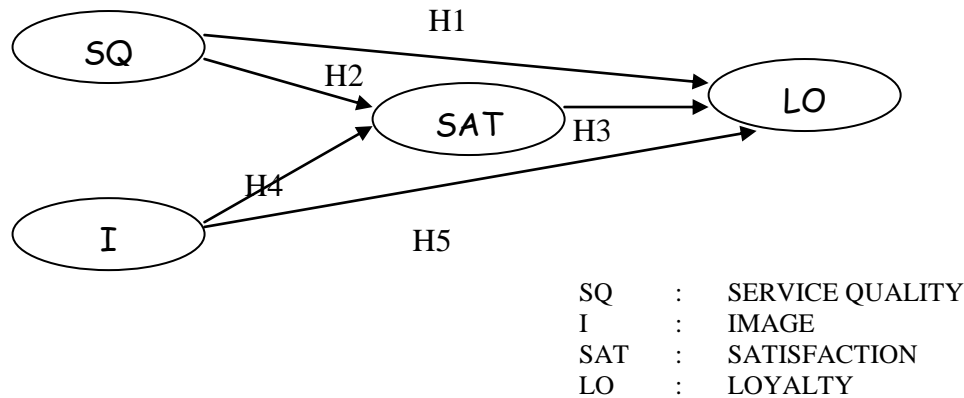


Fig 1
The Model of the Study

Method

The population was those who actively contacted and frequently made use of bank service at least two years. Sample was drawn through purposive sampling, particularly judgment and convenient technique (Cooper & Schindler, 2001). Data collected by questionnaires, distributed to 125 bank customers, included BPR. After being examined under some criteria, such as period of time and completely accomplished, it remained 113 which supposed liable to be further administered.

Service loyalty was measured on the basis of the 22-item SERVQUAL (Parasuraman, Zeithaml, and Berry, 1991). Image was measured in accordance with Bloemer, Ruyter, and Peeters (1998). Satisfaction was measured referring to Oliver (1999). Loyalty was measured in conformity with Wulf, Schroder, and Lacobucci (2001). The Likert scale was employed corresponding to a five-point scale ranging from 1 (= completely disagree) to 5 (= completely agree). The instrument, which denoted to the indicators, would firstly be justified through confirmatory factor analysis. Further, data were analyzed by employing Amos 5.0.

Confirmatory Factor Analysis

Exercising the confirmatory factor analysis, two constructs, i.e. SQ and S were firstly set simultaneously. It likely did not produce good indices, since all indicators such as χ^2 , cmin/df, GFI, AGFI, TLI, and RMSEA were under the requirements. Referring to the Amos output, particularly the standardized regression weights, some manifest variables did not indicate as needed, that should be at least 0.4 (Ferdinand, 2002) (Appendix A: Table 1). As a consequence, some manifest variables such as S5, S6, S7, S8, S9, and S10 should be eliminated. So, the construct S just indicated by 9 indicators.

The second execution involved two other constructs, I and Lo. Again, it did not produce good indices. As a matter of fact, some manifest variables were less than required (Appendix A: Table 2). After elimination, the construct Lo indicated by just two manifest variables. The appropriateness of all manifest variables as indicator were apparently reliable since on the basis of critical ratio each indicator was too far from 2 (Appendix A: Table 3).

The Structural Equation Model

The initial structural equation model seemingly did not give good indices. The χ^2 score was not small enough. The cmin/df, GFI, AGFI, TLI, and RMSEA did not meet the requirements (Appendix A: Table 4). The second model was attained by making some modification, by interrelating e4-e5, e9-e21, e10-e20, e12-e22, and e21-e22 under assumption that it was theoretically justified since they originated from the same constructs. However, even though the cmin/df already indicated acceptable score, others likely did not. It likely needed further improvement. Referring to the modification indices, a third change was exercised under assumption that the interrelations among error measurements were hopefully theoretically justified. The third model likely produced good indices, particularly cmin/df, GFI, TLI, and RMSEA (App A: Table 4).

However, referring to the Amos output particularly the standardization regression weights, the third model might be better off if S13 and LO6 were eliminated, since both were less than 0.4. Therefore, the construct S then was explicated by eight indicators, whereas LO merely measured by one manifest variable. Fingering to the Amos principle, the construct LO would be more appropriate if illustrated as a variable. The fourth model later on produced better indicators than the three beforehand (Figure 2).

Reliability Measurement

The principal approach used in assessing the measurement model is the composite reliability and variance extracted measures. The term composite reliability frequently denotes to construct validity (Ghozali, 2005). Reliability is: “A measure of the internal consistency of the construct indicators, depicting the degree to which they ‘indicate’ the common latent (unobserved) construct” (Hair *et al.* 1998: 641). The variance extracted measure is: “The overall amount of variance in the indicators accounted for by the latent construct” (Hair *et al.* 1998: 642).

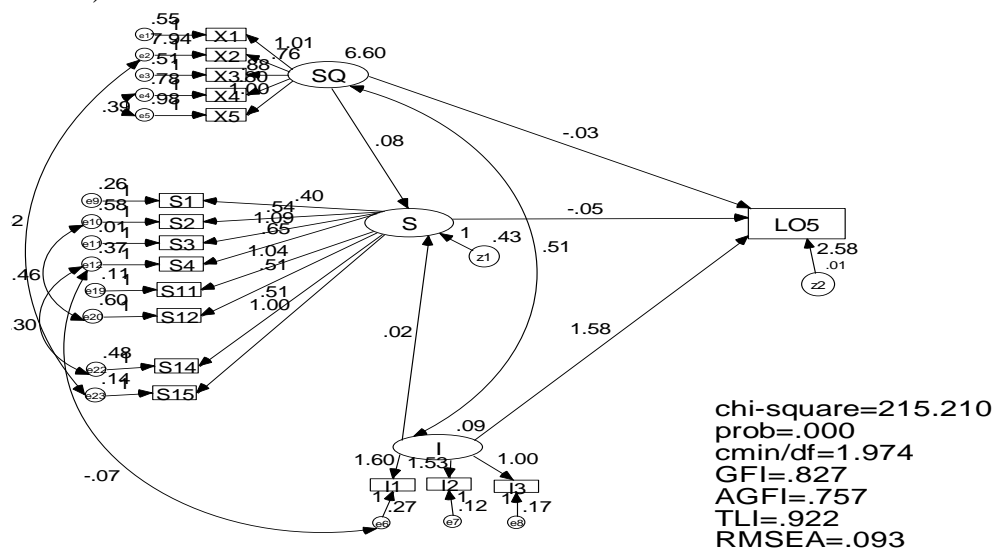


Figure 2
The Final Structural Equation Modelling

The structural equation modeling produced construct reliability (CR) for each construct as follows: construct S 0.87; construct SQ 0.94; construct I 0.74 (Table 1). The CR scores were

appropriate since they were more than 0.7 (Ghozali, 2005). Like wise, the variance extracted (VE) belonged to good measurement since they were above the cut-off point (i.e. 0.5) (Ghozali, 2005), except the construct I which was slightly less than 0.5 (Table 1). The I score, due to VE score likely belonged to marginal, it was appropriate since it reimbursed by the reliability which based on CR instead.

Table 1
Construct Reliability and Variance Extracted

Factor	Construct Reliability			Variance Extracted		
	Value	Cut-off	Title	Value	Cut-off	Title
S	0.87	0.70	Reliable	0.51	0.50	Reliable
SQ	0.94	0.70	Reliable	0.77	0.50	Reliable
I	0.74	0.70	Reliable	0.49	0.50	Marginal

Source: data analysis

Test of Hypotheses

The regression weights output indicated that not all hypotheses supported by the empirical data. The influence of SQ to LO was not significant. Thus, H1 was not supported. Likewise H3 and H4, both were not supported since the influence of whether S to LO or I to S was not significant. The hypotheses which were in accordance with the empirical data were H2 ($p = 0.022$) and H5 ($p = 0.000$). Thus, the influence of whether I to LO or S to SQ were significant (Table 2).

Table 2
Regression Weights of S, SQ, I, LO

	Estimate	S.E.	C.R.	P	Label
S <--- SQ	0.083	0.036	2.285	0.022	par_13
S <--- I	0.024	0.336	0.070	0.944	par_14
LO5 <--- SQ	-0.029	0.022	-1.314	0.189	par_20
LO5 <--- S	-0.046	0.048	-0.961	0.337	par_21
LO5 <--- I	1.583	0.307	5.152	***	par_22

Source: Coefficient Parameter Output

Discussion

The inappropriateness of H1, H3 and H4 with the empirical data needs further investigation. First of all, each item of the SQ, S and I needs to be examined. Employing SPSS 11.0 particularly factor analyze gives result that all items' loading factor are more than required (more than 0.4) (Table 3).

Table 3
SQ, S and I's Loading Factor

SQ		S		I	
Item	Loading Factor	Item	Loading Factor	Item	Loading Factor
X1	0.799	S1	0.575	I1	0.667
X2	0.476	S2	0.564	I2	0.449
X3	0.837	S3	0.672	I3	0.476
X4	0.786	S4	0.521		
X5	0.786	S11	0.617		
		S12	0.582		
		S14	0.503		
		S15	0.638		

Source: data analysis

Table 4
The Reliability of SQ, S and I

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
X1	111.3097	159.8407	0.8654	0.8286
X2	115.0708	169.2271	0.4998	0.8718
X3	115.2920	165.4943	0.8936	0.8267
X4	115.3717	171.7713	0.8424	0.8312
X5	111.2124	159.3295	0.8481	0.8303
I1	127.1681	212.3733	0.6350	0.8545
I2	127.3097	219.2157	0.3841	0.8604
I3	127.2655	220.0717	0.3801	0.8609
S1	127.2389	218.9335	0.4041	0.8601
S2	127.1947	215.7475	0.3897	0.8589
S3	127.1416	215.5512	0.4512	0.8580
S4	127.3805	218.4343	0.3291	0.8607
S11	127.1150	216.4956	0.3923	0.8591
S12	127.2124	215.0795	0.4173	0.8583
S14	127.3982	217.3846	0.3548	0.8600
S15	127.1062	215.4529	0.4499	0.8580
Alpha = 0.8615				

Source: data analysis

Secondly, the reliability of each item is compared with the total. While others do not contribute to a better Cronbach's alpha if item deleted, the X2 looks inconsistent since the Cronbach's alpha will be better off if X2 deleted. The elimination of X2 ignites the regeneration of a new model (fifth model) (Appendix B: Figure 1). However, the new model does not produce whether better indices or significance effect of SQ to LO, S to LO, and I to S (Appendix B: Table 1 and 2). Therefore, it is likely inferred that the unsupported H1, H3 and H4 is really appropriate to the situation that really SQ does not influence LO. Likewise, it is factual that S does not influence LO and I does not influence S.

The findings are obviously not in accordance with the study of Zeithaml & Bitner (1996), Kandampully (1998) and Carnana (2002). However, they support the findings of Woodside, Frey, and Daly (1989); Reidenbach and Sandiver-Smallwood (1990), Cronin and Taylor (1992), Patterson & Johnson (1993) Bloemer, Ruyter, and Wetzels (1998), Szymanski & Henard (2001). In addition, they also correspond to the findings of Osman (1993), Murphy (1996) and Iswari & Suryandari (2003).

Managerial Implication

It is no doubt that service quality plays a significant role in generating customer satisfaction whether theoretically or practically. The finding supports the idea. It is likely inevitably that service firms, particularly banks, should sincerely improve its service on a continuous basis. A better service is in accordance with customers' expectation who always insist the bank's superior performance.

Since in this study the satisfaction is measured particularly concerning with the customers' perception of service regarding with handling accounts, savings, credits, customer service, and other general service, the manager must seriously take into account the individual contact between customers and staffs, including security staffs. It might be of need to invest an equipment to continuously monitor the contact. At purpose of creating a trustworthy impression both in the case of the general service encounter as well as in the handling of customer complaints, it suggested to regularly train the staffs to achieve zero mistake level.

The influence of image to customer loyalty should be seriously taken into account. Since in this study the image is measured particularly by reputation and size of organization, experiencing excellent services which lead to customer satisfaction is inevitably being a strategic weapon which might lead to good image. It is suggested that some marketing programs which promote conveniences, trustworthy, networks, should be designed. Any marketing communication, such as the use of ads, events and experience, and public relation should be intensively employed. A Customer Relationship Marketing is likely on time to be applied.

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APPENDIX A

Table 1
The Standardized Regression Weights of Manifest Variables (SQ and S)

Indicators	Estimate	Specific Note		Indicators	Estimate	Specific Note
S15	0.869	More than 0.4		S5	0.218	Less than 0.4
S14	0.496	More than 0.4		S4	0.597	More than 0.4
S13	0.543	More than 0.4		S3	0.961	More than 0.4
S12	0.472	More than 0.4		S2	0.489	More than 0.4
S11	0.910	More than 0.4		S1	0.533	More than 0.4
S10	0.284	Less than 0.4		X5	0.953	More than 0.4
S9	0.277	Less than 0.4		X4	0.942	More than 0.4
S8	0.263	Less than 0.4		X3	0.943	More than 0.4
S7	0.233	Less than 0.4		X2	0.567	More than 0.4
S6	0.352	Less than 0.4		X1	0.952	More than 0.4

Source: Data analysis

Table 2
The Standardized Regression Weights of Manifest Variables (I and Lo)

Indicators	Estimate	Specific Note		Indicators	Estimate	Specific Note
I1	0.631	More than 0.4		LO3	0.237	Less than 0.4
I2	0.833	More than 0.4		LO4	0.180	Less than 0.4
I3	0.622	More than 0.4		LO5	0.863	More than 0.4
LO1	0.492	More than 0.4		LO6	0.380	Less than 0.4
LO2	0.278	Less than 0.4				

Source: Data analysis

Table 3
Regression Weights S, X, I and Lo

			Estimate	S.E.	C.R.	P	Label
S15	<---	S	1.000				
S14	<---	S	.559	.103	5.414	***	par_1
S13	<---	S	.506	.087	5.783	***	par_2
S12	<---	S	.555	.114	4.867	***	par_3
S11	<---	S	1.071	.073	14.574	***	par_4
S4	<---	S	.647	.093	6.963	***	par_5
S3	<---	S	1.109	.064	17.269	***	par_6
S2	<---	S	.583	.113	5.168	***	par_7
S1	<---	S	.429	.076	5.663	***	par_8
X5	<---	SQ	1.000				
X4	<---	SQ	.798	.038	21.224	***	par_9
X3	<---	SQ	.860	.040	21.593	***	par_10
X2	<---	SQ	.745	.107	6.991	***	par_11
X1	<---	SQ	.978	.044	22.472	***	par_12
I1	<---	I	1.523	.274	5.554	***	par_13
I2	<---	I	1.526	.230	6.647	***	par_19
I3	<---	I	1.000				
LO1	<---	LO	1.000				
LO5	<---	LO	1.658	.385	4.306	***	par_21

Source: Data analysis

Table 4
The Goodness of Fit

	χ^2	p	Cmin/df	GFI	AGFI	TLI	RMSEA
Initial	816.6	0.000	5.593	0.626	0.513	0.623	0.203
2 nd change	499.858	0.000	3.543	0.753	0.667	0.791	0.151
3 rd change	286.5	0.000	2.107	0.807	0.730	0.909	0.099
4 th change	215.210	0.000	1.974	0.827	0.757	0.922	0.093

Source: Data analysis

APPENDIX B

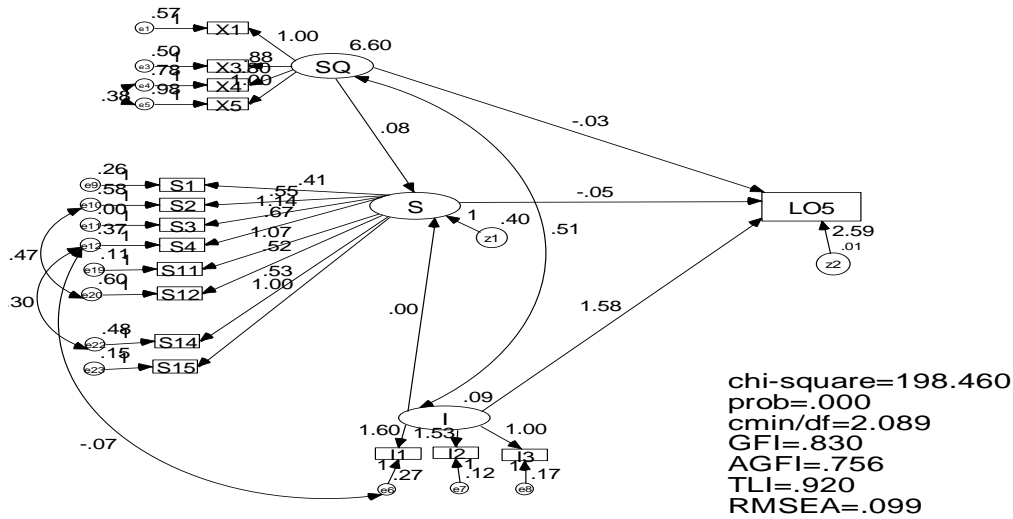


Figure 1
The Fifth Model

Table 1
The Goodness of Fit

	χ^2	p	Cmin/df	GFI	AGFI	TLI	RMSEA
Initial	816.6	0.000	5.593	0.626	0.513	0.623	0.203
4 th change	215.210	0.000	1.974	0.827	0.757	0.922	0.093
5 th change	198.460	0.000	2.089	0.830	0.756	0.920	0.099

Source: Data analysis

Table 2
Regression Weights of S, SQ, I, LO

	Estimate	S.E.	C.R.	P	Label
S <--- SQ	0.083	0.035	2.357	0.018	par_12
S <--- I	-0.002	0.325	-0.005	0.996	par_13
LO5 <--- SQ	-0.029	0.022	-1.290	0.197	par_19
LO5 <--- S	-0.047	0.050	-0.941	0.347	par_20
LO5 <--- I	1.582	0.308	5.131	***	par_21

Source: Coefficient Parameter Output