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THE IMPACT OF PRODUCT VALUE AND CUSTOMER SERVICE ON PURCHASE BEHAVIOR AND CUSTOMER LOYALTY IN BANGLADESHI CONTEXT

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Abstract : This research paper was originally hypothesized by Mr. Kwok Leung, Mr. Wai Kwan Li and Mr. Yuk-Fai Au at international level. The same hypotheses were tested at Bangladesh that what is the impact of customer services and product value on customer loyalty and purchase behavior. These hypotheses were tested by taking 300 people as sample size that does their purchase at different retail outlets at Dhaka/Narayanganj. The results indicated that customer services plays a vital role in constructing customer loyalty while there was no impact found by the product value. Six different retail stores were visited. The repeat purchase was found as a result of effective customer services. It was also found that customers give high consideration to price while post purchase decisions.

Introduction

Customer service is a combination of activities that are designed for the enhancement of customer satisfaction level. The importance of customer service depending on nature of product, industry and customer; defective or broken merchandise can be exchanged, often only with a receipt and within a specified period. In few retail stores that have the desk or counter for dealing with returns, exchanges and complaints, or to perform other functions which are eventually related to customer services.

The importance of customer services can be noticed by differentiating effects of product value with customer services (Kwok Leung et al, 1988). The accurate ingredients of both customer services and product value are contrasted by this we will come to notice the importance of perceived product value. According to

consumer product value is what customer's pay and what he gets in return (Zeithaml, 1988) the product alone cannot take customer to satisfactory mark. There is relative importance of customer services, higher the customer services higher the product value results in product fairness and satisfaction of customer (Kwok Leung et al, 1988).

Bangladesh is a country where resources and opportunities are in bulk and every day a new business born but unfortunately more than 60% business are still far away from core practices of business. There is high need of research to be conducted in every field to practices the core of business.

Literature highlights that resources allocate are more influenced by the interpersonal treatment than by the product quality (Tyler & Bies, 1990). Customers determine the value of product because of outcome they gets in exchange. Higher the value of product higher will be the satisfaction of customer. Higher service quality attained by strong interpersonal relation between buyer and seller by understanding the need of customer and provides them individualized attention (Zeithaml & Berrys, 1985).

This research's focal point would be customer loyalty and purchase behavior. If a business is unable to develop customer loyalty, so it might lose customer account in market. There are many variables which depend upon loyalty, it is either because of high customer service provided or it is due to product value. Purchase behavior is of high intensity because of customer service and product value. There are some demographics that are gender and income level which tells us either male or female are loyal due to customer service or product value in a similar way how income level effect on the loyalty of customer.

The tangibles and intangibles of product are influenced by the product value, but this is a product value which is unable to produce the element of customer loyalty. Purchase behavior and product value are two elements, which are being seen to patronize the element of customer loyalty. Customer loyalty resulting as that it is element that forces the customer to reconsideration of product and eliminates the factor of switching for substitution of product. Customer loyalty is strong element that forces a person to be in its loop. (Arnold, Price & Zinkhan, 2003)

If product and value addition both are compared then we will come to know value addition does possess more value than the product. Marketers emphasize more on the customer retention if there is loss in customer account then there will be high state of tension for marketers the next consideration is customer satisfaction. This is really essential for a business to make their customer satisfy because customer satisfaction leads to loyalty and loyalty plays role to develop repeat purchase and when ever there are range of competition the loyalty will work and repeat purchase will be seen even if the customer does not has experience of another product of the same

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company, there will be consideration to the another product because of the previous good experience of product by the same company. Customer satisfaction is the name of giving the customer completely tailored product according to customer's need and wants with special care this special care will be the element the leads to customer loyalty. The customer loyalty will be take birth when the customer feel about the product is just made for customer.

Loyalty is not a natural ingredient it is product of marketers which is produce by them through quality of customer service. For marketing mix's product and service the important factor is customer services. High quality customer service leads customer loyalty. Now the element of customer has been changed the customer does not give attention to product only but while purchasing the customer is conscious what other additional services does the product offer. If an organization possess a good customer service it will be beneficial for its financial position cause it cost five times more than attracting new customer then holding existing customer. A differentiating factor in between two companies service will be the ones uniqueness if the service is unique then there will be an obvious competitive edge and it will result in high monetary satisfaction for an organization which is the ultimate objective. The guarantee to success of any company is there loyal customer base. Nevertheless, the question arise here how the loyal base can be built? The answer is simple by developing quality of customer service.

Consequences of perceived product value and customer service

General hypothesis about the relative importance of perceived product value and customer service determine by the interaction between perceived product value and tangible outcomes and between service and received services and procedures: (Kwok Leung, Wai-Kwan Li, Yuk-Fai Au, 1998).

Hypothesis 1

The impact of customer service should be as strong as, or even stronger than, perceived product value on purchase behaviors examined in the present study.

Customer Loyalty

Improve your customer service, and your customers will be more loyal. Spend more money on marketing, and your customers will be more loyal. Strengthen your quality control processes, and your customers will be more loyal. Invest in customer relationship management software, and your customers will be more loyal.

If brand fulfills its promise after experiencing the product, it leads to create strongest emotional reaction or bond with that particular product. Customer loyalty can be build by creating a positive experience of product because product itself is a valuable customer touch point.

Hypothesis 2

A favorable evaluation of product value and customer service should be related to a higher level of customer loyalty, which is defined as the frequency of repeated purchases.

Purchase Behaviors

Literature relates purchase behavior with quality of service (e.g. Bitner, 1992; Bolton and Drew, 1991), higher the service quality positive will be the purchase behavior .However published works are more relevant with satisfaction attained by customers through product, services received by customer and its future purchase intention. The money spent by a customer directly reflects the quantity of purchase done.

Hypothesis 3

Perceived product value and customer service should be related to the dollar amount of purchase in a visit.

Methodology

The data were collected through a questionnaire designed to measure customer loyalty and product value. Based on the five key service dimensions: tangibles, reliability, responsiveness, assurance and empathy; followed the proposals of Parasuraman (1988) twelve items of customer services were constructed:

a. Customer support , b. Inside sales staff, c. Response time, d.Exchanging of product, e. Reliability, f. Order fulfillment, g. Satisfaction from etailers, h. Documentation (receipt etc), i. Convenient access, j. Professionalism, f personnel, k. Courtesy of personnel, l. Self satisfaction.

Items of product value were constructed on the basis of Ziethmal's conceptualization: design and styles of products, quality and price which are:

a. Competitive pricing, b. Fair pricing, c. Product at rack, d. Rice product compatibility, e. Product categories, f.Meeting your expectation, g. Quality of product, h. Meeting specification.

The questions were based five point scale from valuing 5 as excellent 4 as above satisfactory 3 as satisfactory 2 as marginal and 1 as unsatisfactory the respondent has to choose a number on the scale to represent their response. Questionnaire is consisting of four parts. Part A includes demographic questions on the participant's e.g. about age, gender, income etc. While part B includes questionnaire regarding customer services having 12 questions service followed the proposal of Parasuraman. Part C is about product value having 8 questions which is basically based on the conceptualization of Zeithaml. And finally part D is on the subject of purchase behavior.

The questionnaires were floated at different retail businesses. Total 300 respondents were successfully interviewed, with 90% male and rests of it were females. The age group was also divided into ranges which were 10% were between 18-20, 56% were between 21-30, 20% were between 31-40 and 14% were between 41-50.

Results

Customer Services

Chi square was used to view that impact of customer services and product value individually on customer loyalty. Results show the strong impact of customer services as that of product value. The value of χ^2 was 3.18 while the calculated t of customer services was 8.5

$H_0: B=0$ No Impact

$H_1: B \neq 0$ Some Impact

By testing H_0 , on the basis of value it is rejected, so it is interpreted that customer service have impact on customer loyalty by accepting H_1 and rejecting H_0 .

About 29% of respondents marked customer services excellent, 27% above satisfactory, 18% marginal and 20% unsatisfactory

Product value

The calculated t of product value was 2.80

$H_0: B=0$ no impact

$H_1: B \neq 0$ some impact

By testing H_0 , on the basis of calculated and tabulated values, it is accepted. It is interpreted that product value has weak impact on customer loyalty.

About 22% of respondents marked customer services excellent, 21% above satisfactory, 31% marginal and 7% unsatisfactory.

Purchase Behavior

Chi square was used to examine the impact of purchase behavior on the customer loyalty. When customer is loyal what is his or her behavior of purchase? Its purpose is to examine that loyal customer do the repeat purchase or not from that particular shop.

H_0 purchase behavior and customer loyalty are independent

H_1 purchase behavior and customer loyalty are dependent

The tabulated value of chi square is 9.48 while the calculated value is 162.4 so we reject H_0 and accept H_1 .

Among total respondents, 23% visit twice in week, 46% visit once in week, 7% visit twice in month, 7% visit once in month and 17% visit occasionally to the particular stores.

Findings

The present results suggest that customer service is more important than perceived product value in determining customer loyalty. The results also simplify about the consumer behavior. It was originally assumed that perceived product value should have an impact on customer loyalty, range of products purchased. The effect was found for customer loyalty, but not for the other variable. Customer loyalty is probably built up gradually by a number of repeated purchases and by the post purchase performance of the products. Thus, loyalty should be quite stable, and this characteristic may account for its stronger relationship with product value. On the other hand, the range of products purchased in a single visit are likely to be affected by a whole host of situational factors, such as mood, current needs, time pressure, current financial conditions, in-store variables including display and promotional activities, and the current offerings of competitors. Thus, the predictive power of product value would be much lower for this variable.

Future implications

The synthesis of the effect of customer services and product value can be a major topic in future. The present results confirm the belief of many successful organizations in the benefits of excellent customer service. The long-term benefit comes from a higher level of customer loyalty, thereby increasing repeated purchases, whereas the short-term benefit arises from more sales as a result of the purchase of more and a wider range of products. In addition, the results also show that the use of customer service as a marketing tool is likely to be more successful if targeted at females and consumers with higher incomes.

Limitation of the Study

Current research is focused to the particular customers of the retail stores. In future it can be applied to the customer of different industry to understand clearly the behavior of customer. For example this research can also be applicable to hotel industry, airline industry or who so ever is offering product and services to its customer. As the respondents are 300 which can be a sample size of Dhaka and Narayanganj but not of country. So this research can also be expanded at country level to study over all psyche of Bangladeshi customers. Future research can also be continued to study the characteristics of consumers that are more attracted to good customer services.

Conclusion

Figures and tables are excluded in for making the paper. Only results of empirical analysis are shown in the paper. Study shows a positive relation

between customer services, customer loyalty, and purchase behavior and product value. However, the calculated value of product value is less than that of customer services but the importance on product value cannot be denied. Customer service may act as a signal for the perceived product value of the product and consumers may believe that good service goes with good product. Good service creates a pleasant feeling in customers and is positive reinforcing in its own right. Customer loyalty is probably built up gradually by a number of repeated purchases and by the post purchase performance of the products. Thus, loyalty should be quite stable and less prone to situational fluctuations, and this characteristic may account for its stronger relationship with product value. So the present results show that if customer services are above satisfactory level customer prefer to buy that particular product or from particular retail store to make customer loyal not only provide high customer services but also high value product. Subsequently customer services and product value have direct relation with customer loyalty.

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