CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the proposed model used in this study. This review presents the evolution of relationship marketing theory in order to provide a background for discussing the constructs of interest. The following sections are then devoted to discussing the constructs forming the proposed model, which include corporate image, service quality, customer perceived value, relationship quality and behavioral intentions. A summary of the chapter is presented in the last section.

2.2 Definition of Relationship Marketing

Marketing from a relational perspective can been defined as the process of managing the firm's market relationships (Grönroos, 1996) or more explicitly as the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises (Grönroos, 1989, 2000a). This definition is similar with Berry's (1983) services marketing definition from a relationship perspective.

Berry (1983) defined relationship marketing as attracting, maintaining and in multiservice organizations enhancing customer relationships. This is similar with other offered definitions by Hunt and Morgan (1994), Sheth and Parvatiyar (1994) and Christopher et al, (1991).

In a later study, Gummesson (1999) defines relationship marketing as marketing seen as interactions, relationships and networks, thus emphasizing three central phenomena in this marketing perspective.

Consequently, relationship marketing may be used to describe a plethora of marketing relationships, such as those between a firm and its buyers, suppliers, employees and regulators (Wong and Sohal, 2002). As most definitions imply, relationship marketing is first and foremost a process.

All activities that are used in marketing have to be geared towards the management of this process. Hence, no marketing variables are explicitly mentioned in these definitions. According to Grönroos' definition, the process moves from identifying potential customers to establishing a relationship with them, and then to maintaining the relationship that has been established and to enhance it so that more business as well as good references and favorable word of mouth are generated.

In like manner, a relationship exists when an individual exchange is assessed not in isolation but, as a continuation of past exchanges likely to continue in the future (Bendapudi and Berry, 1997). However, sometimes relationships are terminated either by the supplier or by the customer (or by any other party in a network of relationships), or they just seem to fade away. Once defection or switching occurs, such situations must also be managed carefully by the supplier or service provider (Grönroos, 2004).

Table 2.1 presents the definitions by different authors on relationship marketing.

Table 2.1: Definitions of Relationship Marketing

Authors	Definition	Context
Berry (1983)	Attracting, maintaining and in multiservice organizations enhancing customer relationships	Services
Grönroos (1990)	To establish, maintain, and enhance relationships with customers and other partners, at profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises	All contexts
Christopher et al. (1991)	Concerns the dual focus of getting and keeping customers	Services
Hunt and Morgan (1994)	All marketing activities directed toward establishing, developing and maintaining successful relational exchange	Business to business
Sheth and Parvatiyar (1994)	Ongoing process of engaging in cooperative and collectivized activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost	Business to customer
Gummesson (1999)	Seen as interactions, relationships and networks, thus emphasizing three central phenomena in this marketing perspective	Network Marketing

In sum, to date there is no consensus among authors on one accepted definition of relationship marketing. Due to the different stages in the evolution of relationship marketing there are different definitions of relationship marketing as a concept. However, as can be seen by the above authors, they have generally identified the aim of relationship marketing through their contributions. Grönroos (1990) definition appears to be the most applicable for this study as it includes all aspects of the relationships that service provider and customer could have.

2.3 Relationship Marketing Evolution

Related literature show that the origins of relationship marketing emerged within the field of service marketing and industrial marketing (Berry, 1983; Dwyer et al, 1987; Crosby et al, 1990; Gummesson 1996). Many scholars with interests in various sub-disciplines of marketing, such as channels, services marketing, business to business marketing, advertising and so forth, are actively engaged in studying and exploring the conceptual foundations of relationship marketing (Sheth and Parvatiyar, 1995).

Different arguments about the origin of relationship marketing are found in the literature, but most authors agree that the concept of relationship marketing was first mentioned by Berry (1983). He defined relationship marketing as “attracting, maintaining and, in multi-service organizations, enhancing customer relations”.

Relationship marketing has attracted considerable interest of academics and practitioners in this era of intense competition and demanding customers. Relationship marketing is usually discussed as the new marketing paradigm based not on transactional exchanges but on relational exchanges. In reviewing the literature several authors generally agree that this new paradigm emphasizes a shift from short-term transactions to long-term relations (Dwyer et al, 1987; Morgan and Hunt, 1994; Palmer, 1994; Hennig-Thurau 1997). In like manner, relational exchange is viewed from the firm’s perspective as an avenue to sustainable competitive advantage where keeping customers becomes the focus (Gruen, 1995).

According to Grönroos and Ravald (1996) the core of relationship marketing is relations, the maintenance of relations between the company and the actors in its microenvironment, i.e. suppliers, market intermediaries, the public and most important, the customer. In this respect it is to create a stable, mutually profitable and enhanced long-term relationship.

A review of related literature show that the development of relationship marketing theory and practice can be examined from a number of different perspectives, which is highlighted by the existence of three schools of thought: Nordic, Industrial Marketing and Purchasing (IMP) and Anglo-Australian. According to the Nordic School approach, managing services was at the core of relationship building and maintenance, although also supported by other factors such as building of networks, the establishment of strategic alliances, the development of customer database and the management of relationship-oriented marketing communications.

Some terms used by the Nordic School of thought include buyer-seller interactions and interactive marketing, customer relationship life-cycle, the new marketing concept, phase of the service consumption process; and interactive relationships. Thus, the Nordic Schools identifies three core processes: the interaction process, the dialogue process and the value process (Grönroos and Gummesson, 1985). The European IMP Group refers to the business to business markets context. They found that buyer-seller relationships are built on a series of interactions in which the concept of adoption is closely linked with the process of evolving relationships.

The interaction between companies and many individuals between companies constitutes the relationships and multiple relationships between buyers, suppliers and other firms aggregate into network (Palmer et al, 2005).

In this case, relationships are seen as being the outcome of a series of interactions with particular emphasis placed on the active role-played by buyers. As a result, competitive advantage can be gained from an adequate selection process and management of network partners.

The Anglo-Australian approach based on the work of Christopher et al, (1991) emphasize the integration of quality management, the use of a service marketing concept, and customer relationship economics. From this perspective, relationship marketing emphasizes a relationship, understands the economics of customer retention, highlights the critical role of internal marketing in achieving external marketing success, and extends the principles of relationship marketing to include six markets, namely, internal, referral, influence, supplier and alliance, recruitment, and customer markets. According to Egan (2001), the Anglo-Australian school generally investigates the nature of relationships in marketing.

From the above discussion, Table 2.2 presents the different schools of thought in relationship marketing.

Table 2.2: Schools of Thought in Relationship Marketing

Schools	Key Issues
Nordic	Integrate the network approach with issues related to service relationships and relationship economics
Industrial Marketing and Purchasing (IMP)	Buyer-seller relationships are built from a series of interactions, and a close link between the concept of adoption and the process of evolving relationships
Anglo-Australian	Make integration between quality management, the use of service marketing concept and customer relationship economics.

In recent years however, several factors have contributed to the rapid development and evolution of relationship marketing. These include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end-customers (Parvatiyar and Sheth, 1998).

In many industries such as airlines, banks and insurance, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Individualized marketing efforts are done using databases and direct marketing tools and functions normally performed by middlemen are minimized or eliminated.

Similarly, in the current era of hyper-competition, marketers are forced to be more concerned with customer retention and loyalty (Dick and Basu 1994; Reichheld 1996). As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones. Marketers are realizing that it costs less to retain customers than to compete for new ones (Ennew and Binks, 1996, Reichheld and Sasser, 1990).

2.4 The role of relationship marketing within financial services

Financial service providers are examples of highly intangible and complex service based offerings which vary enormously in context, consumption, delivery, duration and significance to the customer (Devlin, 1997; Colgate and Stewart, 1998). According to several researchers they propose that relationship marketing approach is applicable to the financial services sector (Bejou et al, 1998; Colgate and Stewart, 1998) as financial services can be characterized as high-risk and long-term purchases while relationship participation is central to service delivery (Ennew and Binks, 1996). Moreover, the lifetime financial requirements of customers and the continuous nature of transactions (Storbacka, 1994; Liljander and Strandvik, 1995) imply that a relationship approach is appropriate (Colgate and Stewart, 1998).

However, some researchers argue that relationship marketing has been over-conceptualized and underdeveloped and its appropriateness to all customers has been questioned (Colgate and Stewart, 1998; Fournier et al, 1998).

Indeed, questions arise as to whether customers desire to forge relationships with companies (Sheth and Parvatiyar, 1995) as few relationships in retail financial services move beyond ‘stranger’ or ‘acquaintance’ levels (Jones, 1999) suggesting the need for a segmented approach to relationship marketing in retail banking (Cumby and Barnes, 1996).

In addition, as a result of automated banking and the introduction of on-line banking, personal relationships have become much weaker within retail banking (Colgate and Stewart, 1998; Palmer, 2001). It appears that customers using a combination of IT channels to interact with their financial service providers pose strategic and tactical challengers for retail bank managers (O’Loughlin et al, 2004). On the other hand, personalized service by bank personnel is still needed to meet the needs of customers as this result in good customer- bank relationship (Ndubisi, 2006).

2.5 Benefits of Relationship Marketing

The importance of relationship marketing has been seen in a number of past studies in terms of the benefits received from building relationships with customers. From the perspective of the service provider, developing and enhancing a relationship with customers allow the firm to remain competitive (Zineldin, 2006).

Furthermore, Reichheld and Sasser (1990) found that companies could improve their profits from two to eight percent by reducing customer defections by five percent. Similarly, in a study of bank customers in Malaysia, by offering personalized, flexible and adjustable services to suit the needs of customers, customer satisfaction can be achieved and in turn good customer bank relationship is established (Ndubisi, 2006).

According to Bendapudi and Berry (1997) the management of customer relationships is critical to services marketing for three reasons. First, many services by their very nature require ongoing membership, for example insurance and cable television. Second, even when membership is not required, customers may seek on-going relationships with service providers to reduce the perceived risk in evaluating services characterized by intangibility and credence properties. Third, customers are more likely to form relationships with individuals and with the organizations they present than with goods.

From the customer perspective, Sheth and Parvatiyar (1995) found that the length of their relationship with the bank, the fact that they know, and were known to the branch staff and the perception that closing or transferring account was difficult made customers engage in ongoing loyal relationships with their service providers. Similarly, Bejou (1997) points out that long term relationships reduce customer risk and the need for customers to reach for new information. Likewise, Grönroos (2004) suggests that an on-going relationship may provide the customer with security, a feeling of control, a sense of trust, and minimized purchase risk, which ultimately reduce costs to the customer.

Furthermore, because the process of building and maintaining customer relationships involves both investment and opportunity costs, service organizations can benefit from identifying those customers who are most receptive to maintaining relationships (Bendapudi and Berry, 1997). Investment costs include the costs of recruiting new customers, identifying customer needs, modifying offerings to meet these needs and monitoring performance.

Meanwhile, opportunity costs are choices organizations must make concerning which customer groups to target for relationship marketing. Therefore, organizations will benefit from relationship marketing when customers remain with the organizations and the relationships endure. Consequently, organizations become more profitable when customers are likely to remain in a long-term relationship.

2.6 Theoretical Underpinnings

Within the services marketing literature, relationships among service providers and customers must be treated as dynamic and evolving over time. Thus, more research on relationships of customers and service providers are needed. This is in line with the suggestions by several authors that say studies on relationship marketing in consumer markets is still lacking (Reynolds and Beatty, 1999; Sheth and Parvatiyar, 1995). In view of this and in conducting any study on the financial service setting relevant theories are required to support the investigation. Thus, this study is carried out based on the following theories.

2.6.1 Commitment-Trust Theory of Relationship Marketing and the Key Mediating Variable (KMV) Model of Relationship Marketing

One of the first holistic approaches to relationship marketing was Morgan and Hunt's (1994) commitment-trust theory of relationship marketing. The theory proposed by Morgan and Hunt also claim that consumers are motivated to engage in relational exchanges with partners with whom they can share values. For example, some consumers will engage in relational exchanges only with those firms they deem to be socially responsible, in agreement with Hunt et al, (2006) work that consumers' sense of morality informs choices of relational exchange.

Morgan and Hunt later theorize that relationship commitment and trust is central to successful relationship marketing as consumer desire relationship partners they can trust. As a result, a model called the key mediating variable (KMV) model of relationship marketing was developed (Figure 1). In the KMV model, relationship commitment and trust are positioned as mediating variables between five antecedents and five outcomes.

The antecedents of the KMV model include relationship termination costs, relationship benefits, shared values, communication and opportunistic behavior while the five outcomes of the model are acquiescence, propensity to leave, cooperation, functional conflict, and decision-making uncertainty. In addition, service quality and perceived value has been conceptualized as relationship benefits and has been used in relationship marketing models (Zeithaml, 1988).

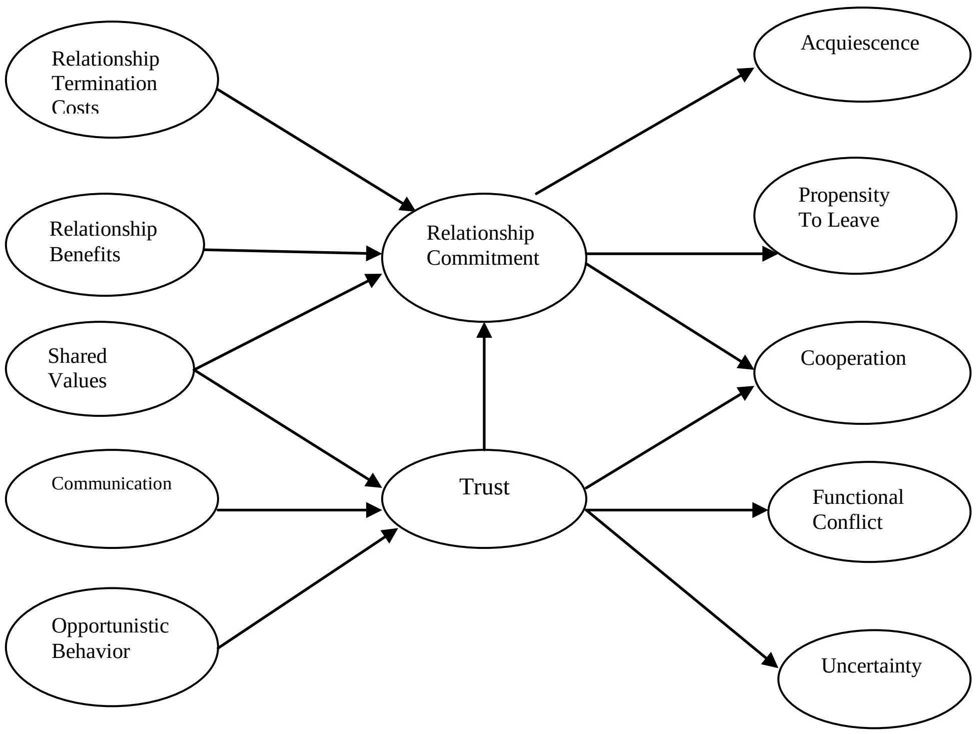


Figure 1.1 Commitment – Trust Theory of Relationship Marketing

This study is also based on the relationship quality model proposed by Crosby et al, (1990) which focuses on the long-term relationship between service provider and consumers in the life insurance industry. Relationship quality, consisting of trust and satisfaction is positioned as a key mediator between three antecedents (similarity, service domain expertise and relational selling behavior) and two consequences, namely sales effectiveness and anticipation of future interaction.

Researchers agree that relationship quality is a higher-order factor consisting of several different and related sub-constructs or dimensions, including satisfaction, trust and commitment (De Wulf et al, 2001; Johnson et al, 2004). Meanwhile, relationship quality has been conceptualized as a higher-order construct composed of satisfaction and commitment and has been used in relationship studies (Hennig-Thurau, 2002). By extending the relationship marketing theory to the Islamic retail banking setting, Islamic service providers can expect that consumers enter into relational exchanges with firms when they believe that the benefits derived from such relational exchanges exceed the cost, thus reducing defection or switching to another service provider.

The relationship marketing theory is also used in this study to help justify the existence of a mediating variable that is believed to exist in the relationship between relational variables and switching intention. The relationship quality model by Crosby et al, (1990) implies that the effect of relational variables can influence future interaction through relationship quality. To sum up, the relationship marketing theory provides a strong reason to believe that relational variables which influence relationship quality can reduce switching intention among Islamic banking customers.

2.6.2 The Expectation Disconfirmation Theory

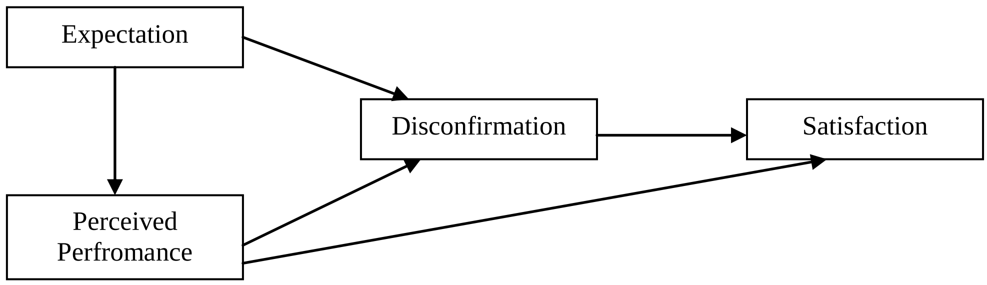
The expectation-disconfirmation (herein EDT) theory or disconfirmation of expectation is a consumer behavior model that has gained widespread acceptance. According to the expectation-disconfirmation model suggested in customer satisfaction literature (Oliver 1980, 1981) consumers judge satisfaction with a product in comparison with their expectations about the product performance.

Expectations in the EDT model, is sometimes called predictive expectations which refer to consumers' predictions about the expected performance of the product, and reflect what performance will probably be. Thus, expectations are also hypothesized to influence customer satisfaction (Yi, 1990).

Corporate image in this research model assumes the role of predictive expectations. This is in line with Andreassen and Lindestad (1998) empirical research investigating the effect of corporate image on customer loyalty where corporate image is regarded as an attitude-latent variable which is formed from consumers' experiences with the company's services as well as through company communication and word of mouth. The researchers propose that it is likely consumers' attitudes toward a company are highly correlated with their expectations to the company's services.

Oliver (1980) argues that customer loyalty is a function of customer satisfaction which again is a function of a cognitive comparison of expectations prior to consumption and actual experience. Oliver's model was later extended by Churchill and Suprenant (1982) to explicitly include perceived performance as an antecedent of satisfaction.

Perceived performance is defined as 'beliefs regarding the product attributes, levels of attributes, or outcomes" (Spreng et al, 1996). Some studies interpreted perceived performances from the aspects of information quality, system quality, and service quality while McDougall and Levesque (2000) modeled service quality and perceived value as contributing factor to satisfaction.



Source: Expectation-Disconfirmation Model (Oliver, 1980)

Therefore, the EDT paradigm provides the theoretical basis for the link between corporate image, service quality and satisfaction (Churchill and Suprenant, 1982; Oliver 1980; Yi, 1990) and is used to support the framework developed for this study. Based on the principle that corporate image, service quality and customer perceived value can determine customer satisfaction with a service provider, it is assumed that once a consumer is satisfied, they are not likely to switch service providers.

2.6.3 Means-End Theory

The means-end theory explains consumers' decision making process in a dynamic way. Developed by Gutman (1982) the means-end theory seeks to explain how an individual's choice of product or service enables him or her to achieve his or her desired end states.

Means are products or services, and ends are personal values considered important to consumers. It is postulated that linkages between product attributes, consequences produced through consumption, and personal values of consumers underlie their decision-making processes.

Huber et al, (2001) assert that consumers obtain consequences (desirable or undesirable) from the consumption of products or services either directly from consuming or indirectly at a later point in time or from others' reactions to one's consumption behavior. As a result, values provide overall direction, consequences determine the selection of behavior, and attributes produce the consequences.

To sum up, the key aspect of the means-end theory is that consumers actively choose actions that will incur desirable consequences and minimize undesirable consequences. Thus, in this study corporate image, service quality and perceived customer value are attributes that a consumer will use to determine the quality of their relationship with the service provider. The desired end state, desirable or undesirable behavioral intentions will result from the quality of the relationship.

2.7 Corporate Image

2.7.1 Definition of Corporate Image

In highly competitive environments such as banking, corporate image represents an asset which allows firms to differentiate and increase their success chances (Bravo et al, 2009). A review of related literature reveals numerous definitions of image found in the psychological, brand and marketing literature.

Identities and images, however, are volatile social constructions that, although seemingly 'objective', base their existence and significance largely on the interpretive capabilities and preferences of their audiences (Christensen and Askegaard, 2001). According to Grönroos (1984) image is defined as a filter which influences the perception of the operation of the company.

Some authors stated that with corporate image a filtering effect impacts a customer's perception and customer satisfaction for the industry. A review of the literature abounds with different definitions of corporate image and most often corporate image has been related to corporate identity. There have been attempts to clarify the definitions of identity and image (e.g. Abratt, 1989, Dowling, 1988) but there is still a general lack of consistency when adopted to theoretical models or applied in practice (Christensen and Askegaard, 2001).

According to Nguyen and LeBlanc (1998, 2001) image has been described as subjective knowledge, as an attitude, and as a combination of product characteristics that are different from the physical product but are nevertheless identified with the product. In similar manner, researchers have suggested that there are different types of image depending on the specific group of consumers (Flavian et al, 2005). Accordingly, as well as being different according to the type of relationship that individuals have with an organization, corporate image also varies through time (Bravo et al, 2009).Image has also been described as a procedure by which ideas, feelings, and previous experiences with an organization are stored in memory and transformed into meaning based on stored categories (McInnis and Price, 1987).

From the marketing of goods literature, corporate image represents the impressions and associations, the beliefs and attitudes that are held in consumer memory with regard to the company (Barich and Kotler, 1991). The brand literature represents image as ‘the perceptions reflected as existing associations in the consumer’s mind” (Keller, 1993) and as such corporate image can be considered as a type of brand image in which the name refers to the organization as a whole rather than to its individual products (Bravo et al, 2009).

It has become clear that corporate image represents the impressions and associations, the beliefs and attitudes that are held in consumer memory with regard to the company (Hu et al, 2009). In short, corporate image is a strategic tool of great value for the financial sector, since besides helping to achieve long-term objectives it can turn into a source of competitive advantage (Flavian et al, 2005).

In sum, most authors agree that corporate image represents a set of impressions, beliefs and attitudes which are held in the consumers’ mind which is organized through experience and exerts an influence on behavior. Table 2.3 has been compiled to indicate the definitions of corporate image taking into account different context perspectives.

Table 2.3: Definitions of Corporate Image

Authors	Definition	Context
Grönroos (1984)	Image is defined as a filter which influences the perception of the operation of the company	Services
Barich and Kotler (1991)	From the marketing of goods literature, corporate image represents the impressions and associations, the beliefs and attitudes that are held in consumer memory with regard to the company	Goods
Nguyen and LeBlanc (1998, 2001)	Image has been described as subjective knowledge, as an attitude, and as a combination of product characteristics that are different from the physical product but are nevertheless identified with the product.	Services
Hu et al, (2009)	Corporate image represents the impressions, the beliefs and attitudes that are held in customer memory with regard to the company	Services

2.7.2 Dimensions of Corporate Image

A review of the literature found several dimensions to be associated with corporate image. Gronroos (1988) indicates that the firm's reputation and credibility are the main dimensions, whereas Kim (2006) used corporate ability and corporate social responsibility. In the hotel service industry, image attributes and image holistics were used (Hu et al, 2009) while corporate credibility and reputation were image dimensions used in branding (Martinez and Pina, 2005).

Meanwhile, in the retail banking setting corporate image dimensions includes corporate identity, reputation, service offering, physical environment, contact personnel and social responsibility policies (LeBlanc and Nguyen, 1996, 2002; Souiden et al, 2006).

Corporate credibility and reputation are viewed in this study as dimensions of corporate image. Credibility is broadly defined as the believability of an entity's intentions at a particular time and is posited to have two main components: trustworthiness and expertise. Corporate credibility is the extent to which consumers feel that the firm has knowledge or ability to fulfill its claims and whether the firm can be trusted to tell the truth or not.

According to Newell and Goldsmith (2001) corporate credibility is an important part of corporate image reflecting how expert and how trustworthy customers perceive a given corporation. Similarly, corporate credibility is defined as one of the corporate image dimensions that can affect brand equity and relate to reputation (Keller, 1998). Within the brand literature, brand credibility is studied as the credibility of a brand as a signal and brand credibility has been conceptualized as the believability of the product position information contained in a brand (Erdem and Swait, 1998). In similar manner, brand credibility has also been used to study the effect on brand choice and consideration across multiple product categories (Erdem and Swait, 2004). Both the expertise and trustworthiness of a brand reflect the cumulative impacts of associated past and marketing strategies and activities, and this is similar to the concept of corporate credibility used in this study.

The other dimension of corporate image used in this study is corporate reputation. According to Chun (2005) corporate reputation is the summary view of the perceptions held by all relevant stakeholders of an organization and the associations they make with it. Yoon et al, (1993) also say that reputation is closely tied to image in that it affects customer expectations with regard to the quality of the service offering.

Some researchers have found that a good reputation for high quality means more customers, fewer dissatisfied customers, profitability increases and positive word of mouth (Chun, 2005). Andreassen (1994) found that reputation is positively correlated with satisfaction and loyalty, but no relationship was found between satisfaction and loyalty. Corporate reputation has been recognized as an intangible resource because it represents an overall assessment of the firm’s assets, position, and expected future performance (Chun, 2005). In similar manner Roberts and Dowling (2002) argue that good reputations are critical because of their potential for value, but also because their intangible character makes replication by competing firms considerably more difficult. The use of corporate credibility and reputation is deemed appropriate for this study as consumers choose to remain with service providers which are likely to possess good corporate credibility and have a good reputation (Le Blanc and Nguyen, 1996; Nguyen and Le Blanc, 2001).

2.7.3 Corporate image and behavioral intentions

The corporate image variable has acquired significant relevance during recent years. Within the service marketing literature, corporate image was early identified by several authors as an important factor in the overall evaluation of the service and the company (Bitner, 1991; Grönroos, 1984; Gummesson and Grönroos, 1988).

Apart from using image as a function of accumulation of purchasing or consumption experience over time, many organizations provide complex and noisy informational environments such as advertising and direct marketing in order to attract new and keep existing customers (Andreassen and Lindestad, 1998).

From Oliver (1980) he claims that customer's attitude towards a product/service choice is a function of the consumer's initial attitude at the time of purchase/encounter and his or her satisfaction with a particular consumption experience. Further in Grönroos (1988) Perceived Quality Model, corporate image is a filter which influences the perception of the operation of the company. It is important to note that though corporate image is often interchangeable with corporate identity (Hsieh et al, 2004) some scholars often argue that corporate identity and corporate image are two different concepts (Balmer, 1998; Christensen and Askegaard, 2001). Corporate identity refers to the reality or facts concerning the company while corporate image refers to the perception held by stakeholders of the corporation (Souiden at al., 2006).

A successful image will involve an association, an emotion and an expectation in the consumer's mind and it is image that can be used to change the perception of the customers in a real or profound way (Kennedy, 1977) while an inconsistent corporate image weakens and diminishes the bank' competitiveness. To alter perceptions and create consumer preference for a particular bank calls for an effective marketing strategy because it is no longer enough to sell the benefits of an intangible service. Taking this into account, financial institutions must recognize that a positive perception is a cumulative and painstaking process.

Keaveney and Hunt (1992) have argued that the image of a retail institution is formed along the lines of category-based processing theory. Image has been treated as a "gestalt", reflecting a customer's overall impression. This is because 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. According to the category based processing paradigm, any incoming information as well as customer evaluation of attributes, will be judged relative to the bank image.

The role of image becomes even more significant when competing services are perceived as virtually identical on performance, price, and availability (Andreassen and Lindestad, 1998). In addition, corporate image can be treated as an outcome from accumulated attitude derived from experience and/or direct or indirect market communication (Andreassen and Lindestad, 1998). Supporting this view, De Ruyter and Wetzels (2000) state that corporate image is an information cue that consumers use to judge matters such as credibility, perceived quality and purchase intentions.

Nguyen and Leblanc (1998) tested the relationship between service quality and corporate image and report that customers who perceive service quality over repeated service encounters have an overall favorable image of the firm. Later in another study, involving there different service industries, namely, the telecommunication services, retail services and educational services to investigate the impact of corporate image and corporate reputation on retention, they found that the degree of customer loyalty was higher when perception of corporate image and corporate reputation was favorable (Nguyen and Leblanc, 2001).

This relationship is intuitively appealing given the idea that image and reputation are two socially constructed entities and derived essentially from the customer's perception of an organization. Additionally, Alessandri, (2001) agree that a corporate image builds the reputation of the organization and that a favorable corporate image leads to a positive corporate reputation in the minds of the public. In other words, the corporate reputation is formed over time by repeated impressions of the corporate image (Gray and Balmer, 1998).

The importance of the corporate image is also reported in the study of Battacharya and Sen (2003) who claim that a good corporate image helps in making the consumers more attached or committed to the company. The interest grew as a result of using corporate image as a competitive advantage strategy and the fact that a positive image helps the company to attract customers and will also exercise a positive influence on the trust of other interested groups (Flavian, 2005).

For complex services such as financial service providers or those more difficult to understand, elements of previous experiences or credibility will be of great importance, aspects such as the image and the reputation of the firm playing a major part in the decision (Roig et al, 2006). Bank customers lack measurable attributes to form organization' image and must resort to extrinsic cues associated with the organization or to element encountered during the delivery process (Bitner, 1992; Nguyen and LeBlanc, 2002). Furthermore, previous research has suggested customers evaluate corporate image of service organizations using various factors, such a corporate identity, contact personnel and physical environment. Meanwhile, in a study conducted in newspaper and insurance industries corporate image is believed to create a halo effect on customers' satisfaction judgment (Andreassen and Lindestad, 1998).

When customers are satisfied with the services rendered, their attitude toward the company is improved. Since customer satisfaction is described as a judgment made on the basis of a specific service encounter (Cronin and Taylor, 1992) satisfaction levels derived from each service encounter are viewed as having an effect on image assessment (Nguyen and LeBlanc, 1998). Numerous authors assert that a good corporate image or reputation helps to increase the firm's sales and its market share (Shapiro, 1982), and to establish and maintain a loyal relationship with customers (Andreassen and Lindestad, 1998; Robertson, 1993; Yoon et al, 1993). A study has also shown that a favorable store image can influence repeat patronage (Dick and Basu, 1994).

Within the brand literature, corporate image was investigated to determine its influence on brand extensions of retail banks and telecommunication companies. The findings of Martinez and Pina (2005) show that corporate image affects both the perceived service quality and perceived fit between a new service and the parent brand. In consequence, service extension was more successful when the corporate image was reinforced by effective marketing communications.

In another study by Souiden et al (2006) to investigate both Western and Eastern consumers on consumer product evaluation, specifically an automobile, empirical results reveal that Japanese and American consumers have different perceptions with respect to the effect of corporate image and corporate loyalty. Corporate name was found to have a significant impact on corporate image and corporate reputation was found to have a significant effect on corporate loyalty.

In addition, corporate reputation is also found to be a mediator of the corporate image's effect on consumers' product evaluation (Souiden et al, 2006). The relationship between image and loyalty is also found in the airline industry. It was found that in general there was a strong relationship between image and loyalty (Zins, 2001) which is consistent with the empirical results that show customers use extrinsic cues with complex services more intensively than intrinsic cues (Andreassen and Lindestad, 1998). Indeed, corporate image perceptions may be due to the distinctiveness and unique qualities an organization portrays and the cultural context in which the service is consumed.

Based on the review of extant literature the relationship between corporate image and behavioral consequences has been a matter of debate. Some researchers have shown that there is a direct positive relationship between image and behavioral intentions (Nguyen and LeBlanc, 1998; Andreassen and Lindestad 1998; Hu et al, 2009) while others have found an indirect relationship between image and behavioral intentions (Bloemer and Odekerken-Schroder, 2002; Bloemer and deRuyter, 1997).This study investigates the effectiveness of corporate image from a customer's perspective. A review of marketing literature suggests corporate image is established and developed in the consumers' mind through communication and experience. In addition, a successful image allows it to differentiate itself from its competitors to create competitive advantage (Porter, 1985).

For Islamic banking customers, they may not know what to expect of the service provided by their Islamic service providers. Due to the intangibility of the service, they may perceive the services offered as risky and consequently need to have confidence in their service provider.

Therefore, to reduce this uncertainty, bank customers will look for signs or evidence that will facilitate their relationship with their service provider and thus, corporate image becomes an important cue for evaluating Islamic service providers. To sum up, corporate image is used by customers to evaluate organizations and can be used as a competitive advantage by financial service providers. Given the above discussion, the corporate image construct have been included in this study.

2.7.4 Corporate Image and Relationship Quality

A review of relevant literature show the availability of research suggesting a link between corporate image and relationship quality is scarce. In fact, most research undertaken link corporate image directly to loyalty and that satisfaction is the common mediator in the research models. Until now research has not been developed to analyze the consequences of corporate image and relationship quality.

Controversy arises on whether satisfaction completely mediates the effect of corporate image on consumer behavior or image also has a direct effect on satisfaction as suggested for new uses (Bravo et al,. 2009). In a study to determine the effect of corporate image on loyalty, Andreassen and Lindestad (1998) found that for complex and infrequently used services, image and not satisfaction was the predictor of loyalty. However, other researchers find that satisfaction will only exert a direct impact on loyalty if customers are able to evaluate the quality of goods or services (Selnes, 1993; Zins, 2001).

In a study to investigate store image and its impact on loyalty, results indicate that satisfaction to be the mediator in the relationship between store image and store loyalty (Bloemer and Ruyter, 1997). Likewise, in a similar study where the level of customer experience was investigated to determine the impact of image on loyalty, it was found that image and satisfaction was positively linked to loyalty. However, the influence of satisfaction decreased as a consequence of more experience, whereas the influence of image increased with experience (Brunner et al, 2008).

Within the brand literature and in a study linking brand credibility and customer loyalty (Sweeney and Swait, 2007) empirical results show that customers of retail banks and long distance telephone customers indicate that brand credibility serves as a defensive role. Brand credibility, a concept similar to corporate credibility was found to enhance word-of-mouth and reduce switching behaviors among customers.

In conclusion, most of these relationships are mediated by satisfaction and commitment, the two dimensions of relationship quality used for this study. The lack of empirical results between image and relationship quality and combined with the conflicting propositions on the relationships justify, therefore, the current research.

2.8 Service Quality

The theory and practice of service quality has received considerable attention from academics and practitioners alike. According to several authors, service quality has been known to contribute to market share and customer satisfaction (Anderson and Zeithaml, 1984; Parasuraman et al, 1985; Zeithaml, 2000).

Thus, the pursuit of delivering quality service is considered to be essential and an appropriate strategy for success in today's intense competitive and dynamic business environment (Parasuraman et al, 1985; Reichheld and Sasser, 1990; Zeithaml et al, 1990, 1996).

In the services marketing literature, the conceptualization and measurement of perceptions of service quality are among the most debated and controversial contemporary topics (Brady and Cronin, 2000; Zeithaml, 2000; Rust and Oliver, 2000; Lapierre et al, 1996). The theoretical underpinnings of service quality are based on early product and satisfaction research (Lapierre et al, 1996). Much of the early service quality theory draws from research into how disconfirmed expectations affect product perceptions. Thus, many models of service quality (Grönroos, 1982; Parasuraman et al, 1988) are based on the disconfirmation model used in the physical goods literature (Oliver, 1993).

The disconfirmation of expectations model proposes that there are three determinants of customer (dis)satisfaction: expectations, perceptions and disconfirmation. Using adaptation level theory as a basis, Oliver (1980) claim that customers form expectations before the purchase of a product or service, with expectations acting as a standard or frame of reference against which service performance is judged. The possible outcomes of this model is that if service performance exceeds pre-purchase expectations, positive disconfirmation results, and consumers are likely to demonstrate a high level of satisfaction; in other words they are pleasantly surprised.

Although originally developed to explain the formation of customer satisfaction judgments, the disconfirmation of expectations model has also been used to explain service quality perceptions, and has influenced subsequent service quality models (Grönroos, 1982; Parasuraman et al.; 1988). A review of the literature suggests two schools of thought dominate the service quality literature. One is the Nordic school of thought based on Grönroos (1982) two dimensional model and the other the North American school of thought based on Parasuraman et al.'s (1988) five dimensional SERVQUAL model.

In the Nordic school of thought and as one of the first models of service quality Grönroos (1982) first proposed that customers' overall evaluations of service quality were a result of their assessment of two dimensions, functional and technical service quality, and moderated by the impact of an organization's image. Grönroos proposed that customers compared their expectations to their experience of service quality in forming their judgments and defined service quality as follows:

> …the perceived quality of a given service will be the outcome of an evaluation process where the consumer compares his expectations with the service he perceives he has received, i.e. he puts the perceived service against the expected service. The result of this process will be the perceived quality of the service (Grönroos, 1984, p.37)

Grönroos identified that services comprise different components which interact to determine service quality and for an organization to compete successfully the organization must have an understanding of consumer perception of the quality and the way service quality is influenced.

The functional dimension takes into account the way a service is provided (courtesy, attention, promptness, professionalism, and so on), whereas the technical dimension refers to the result of the service as such (for example, a life-insurance policy). According to Grönroos (1982) because of the intangible nature of services, corporate image is also vital to the service firm. If image is unattractive, the customers may not become customers at the organization and the organization will never be allowed to prove its technical or functional quality. Moreover, an outstanding image will be an excuse for minor problems in the other quality components, whereas a bad image easily may lead the customer to negative views of service quality.

2.8.1 Dimensions of Service Quality

Within the service marketing literature, service quality dimensions have been dominated by Parasuraman et al. (1985) and they postulated five dimensions of the service experience in their well-known SERVQUAL model. The dimensions are reliability, responsiveness, empathy, assurance, and tangibility. Reliability refers to the ability to perform the service dependably and accurately, responsiveness refers to the willingness to help customers and provide prompt service, empathy refers to the level of caring and individual attention provided to customers, assurance refers to employees' knowledge, courtesy and ability to convey trust and confidence and tangibles refers to the physical facilities, equipment and appearance of personnel.

On an operational level, research in service quality has been dominated by the SERVQUAL instrument, based on the so-called gap model. The SERVQUAL scale which consists of 22 items representing five dimensions was originally applied in five service settings: retail banking, credit card services, repair and maintenance of electrical appliances, long-distance telephone services, and title brokerage.

Subsequently, the scale has been used to measure service quality in a wide variety of service environments. Furthermore, these dimensions have been used in the retail banking setting in many different countries (Lassar et al, 2000; Lam, 2002; Zhou et al, 2002; Arasli, 2005). The SERVQUAL scale has been subject to criticisms and heated debate in the service quality literature since 1990 by Carman and subsequently by other researchers (e.g. Babakus and Boller, 1992; Brown et al, 1993; Cronin and Taylor, 1992, 1994; Teas, 1993, 1994) with regards to both conceptual foundation and methodological limitations.

The concept of service quality is criticized from a theoretical perspective as confounding the concept of customer satisfaction since the SERVQUAL scale is based on the same disconfirmation model which is widely adopted in the customer satisfaction literature (Cronin and Taylor, 1992). The operationalisation of the service quality concept as performance minus expectation makes it difficult to reconcile with a general attitudinal model even though service quality is conceptualized as an attitude by the SERVQUAL developers (Carman, 1990; Taylor, 1994).

The applicability of SERVQUAL in certain cultural contexts has been questioned by several researchers. In particular, it would seem that measurement of service quality in the banking industry is dependent on cultural context (Ladhari, 2009). Some of the five service quality dimensions did not factor together in these studies when SERVQUAL was applied, but resulted in six-factor pattern on expectation scores and a three-factor structure on perception scores and gap scores (Zhou et al, 2002).

Accordingly, in a review of SERVQUAL research by Ladhari (2009), cultural differences can also create methodological bias. This include construct bias, which can occur when the construct is being examined across different cultural contexts or countries, method bias (such as interviewer-interviewee interaction, research method, or characteristics of the sample) and item bias such as distortions in several items in the measurement instrument. Moreover, to many researchers, given the nature of the service quality construct, especially with the number of dimensions, it is highly likely that dimensions may vary and might be industry-specific (Hu et al, 2009). Parasuraman et al, (1994) and other researchers (Cronin and Taylor, 1994; Teas, 1994) have also disagreed on the usefulness of capturing expectations in SERVQUAL. Cronin and Taylor (1992) do not find the P-E framework to be efficient in measuring service quality and developed their own measurement scale called the SERVPERF where only performance is measured for service quality. They point out the superiority of the performance-only SERVPERF scale in terms of construct validity and operational efficacy.

The SERVPERF also explains more variance in an overall measure of service quality than does SERVQUAL (Cronin and Taylor, 1994). Alternatively, they advance the notion that service quality is directly influenced by perceptions of service performance and thus, the SERVPERF is based on the ‘performance only” perspective. As a result, SERVPERF uses only the performance items of the SERVQUAL scale (Brady et al, 2002; Cronin and Taylor, 1992, 1994). In addition, they provide empirical evidence that the SERVPERF instrument outperforms the SERVQUAL scale across four industries: fast food, dry cleaning, banks and pest control.

Therefore since service quality is being utilized as an exogenous variable in this study, a perceptions-only measurement approach is deemed appropriate. Hence, for the purpose of this study, the SERVPERF scale will be employed to measure service quality dimensions.

2.8.2 Service Quality within Islamic banking context

A review of relevant literature indicates early studies on Islamic banking customers examined the criteria which motivate clients in selecting their banks. Among the common factors used to measure customer selection criteria are cost and benefits of products offered, service delivery, confidentiality, size and reputation of the bank, convenience, friends and families influence and friendliness of personnel (Erol and El-Bdour, 1989; Erol et al, 1990; Haron et al, 1994; Gerrard and Cunningham, 1997; Metawa and Almossawi, 1998; Ahmad and Haron, 2002, Dusuki and Abdullah, 2007).

Later in a case study by Othman and Owen (2000) six service quality dimensions were identified. The researchers further developed a scale called the CARTER scale to measure service quality in Islamic banks. The five dimensions include assurance, tangibility, empathy, reliability and responsiveness. The new and sixth dimension which is the compliance dimension was found to be valid and reliable and empirical support found a strong relationship between service quality and customer satisfaction among bank customers in Kuwait.

Meanwhile, in a similar study conducted in Malaysia (Izah Mohd and Wan Ismail, 2005) using the CARTER measurement, customers of Islamic banks and Islamic insurance companies rated compliance of Islamic laws as the most important dimension when assessing service quality. This indicates that customers of both banks and companies emphasize the importance of compliance to Islamic laws. This is consistent with the findings by Naser, Jamal and Al-Khatib (1999) which found that customers of Islamic banks used the banks because of religious reasons as the banks practiced the Shariah principles. The need for the development of service quality measure for different national cultures was also undertaken by Jabnoun and Khalifa (2005) in the United Arab Emirates (UAE) because some national cultures favor certain service attributes and/or prohibit others as manifested in the example of banking in Muslim countries.

Values and image were the most important dimensions of service quality in UAE conventional banks concerns of their customers. On the other hand, personal skills and values were the only significant service quality dimensions among the customers of Islamic banks in UAE. Therefore, this results show that customers of Islamic banks have service quality concerns that are different from those of their counterparts in conventional banks. Customers of Islamic banks are most concerned with the impressions of sincerity, trust, and caring given to them by their service providers. They are also highly concerned with the religious aspects of the service. Table 2.4 shows selected literature of service quality dimensions in Islamic banking setting.

Table 2.4: Selected literatures on Service Quality Dimensions in Islamic banking setting

Authors	Dimensions	Measurement and Method of analysis	Service Settings
Izah Mohd Tahir and Wan Zulqurnain Wan Ismail (2005)	5 SERVQUAL dimensions,compliance, customer satisfaction	SERVQUAL instrument	Islamic banks and Islamic insurance companies in Malaysia
Naceur Jabnoun and Azaddin Khalifa (2005)	5 dimensions of SERVQUAL, values, Image	SERVQUAL instrument	Islamic banks and conventional banks in UAE
Al-Tamimi and Al-Amiri (2003)	5 dimensions of SERVQUAL	SERVQUAL instrument	Two Islamic banks in UAE
Ahmad Jamal and Kamal Naser (2002)	Core service quality Relational service quality, tangibility, Customer satisfaction	Liner regression MANOVA	Abu Dhabi Commercial Bank in UAE
Philip Gerard and J. Barton Cunningham (1997)	Awareness of Islamic banking and Bank selection criteria	Group differences	Singapore
Sudin Haron, Norafifah Ahmad and Sandra L. Planisek (1994)	Bank selection determinants	Factor analysis	Islamic bank in northern Malaysia

2.8.3 Service Quality in Relationship Marketing

Many authors in the marketing domain have conceptualized relationship quality to be a multi-dimensional construct (Dwyer et al, 1987; Crosby et al, 1990; Kumar et al, 1995; Hennig-Thurau et al, 1997, Dorsch et al, 1998).

However as there is no consensus on the dimensions which make up relationship quality (Dorsch et al, 1998), and from a review of related literature, satisfaction and commitment are dimensions used in this study for relationship quality. Over the past twenty years, the conceptualization, measurement and relationship between service quality and satisfaction have been central to the development of services marketing literature. Satisfaction has been defined as a consumer's evaluative judgment related to the pleasurable level of consumption-related fulfillment (Oliver, 1996). Similarly, perceived service quality has been conceptualized as the comparison of service expectations with actual performance expectations.

In a study of service quality in the Islamic banking context in Malaysia, findings indicate that the establishment of higher levels of service quality will lead to customer to have a high level of satisfaction (Amin and Isa, 2008). Their findings are consistent with previous studies by Othman and Owen (2001) who stated that there was a strong link between service quality and customer satisfaction among Islamic banking customers in Kuwait. Similarly, Arasli et al, (2005) found service quality dimensions such as assurance, tangibles, reliability and empathy were predictors of customer satisfaction in the Cyprus banking sector. Meanwhile, Yavas et al, (1997) found empathy, tangibles and responsiveness to be important predictors of customer satisfaction among bank customers in Turkey.

Zhou (2004) also reported that among the five service quality dimensions, reliability and assurance were important predictors of customer satisfaction in retail banking in China. Additionally, Karatape et al, (2005) identified that service quality has the strongest effect on satisfaction since satisfaction is a mediator between service quality and purchase intention in conventional banking.

The findings of these studies indicate that the establishment of higher levels of service quality will lead customers to have high level of satisfaction resulting in lower switching intentions. Fullerton (2005) found service quality to positively affect affective commitment and that affective commitment was negatively related to switching intentions. The results of the study also found affective-type commitment plays a mediating role in service relationships. Furthermore, the findings suggest that marketing practitioners need to focus on both the evaluative forces (service quality) and the relational forces (commitment) as both forces drive customer behaviors.

2.9 Customer Perceived Value

Driven by increasingly intense business competition, globalization and rapid technological change, the customer has changed from that of a mere consumer to a multi-faceted role as consumer. Today's consumers are co-operator, co-producer, co-creator of value and co-developer of knowledge and competencies (Wang et al, 2004). As a result, interest in the creation and delivery of value to customers is on the rise. In particular, service providers are targeting value creation activities to retain existing customers and attract new customers.

Delivering superior customer value is one of the most important factors for the success of any organization (Wang et al, 2004). Early studies defines and considered value to be the customer's overall assessment of the utility of the product based on the perception of what is received and what is given (Zeithaml, 1988). Meanwhile Dodd et al (1991) argued that buyer's perception of value represents a trade-off between the quality they receive in a product and the sacrifice they perceive in paying the price.

Woodruff (1997) defined customer value as a customer-perceived preference for, and evaluation of product attributes, attribute performances, and consequences in terms of the customer's goals and purposes. In addition, Grönroos (1996) considered value to be an important constituent of relationship marketing and the ability of a company to provide superior value to its customers is regarded as one of the most successful competitive strategies. It has been suggested by Parasuraman (1997) that value is a dynamic concept because the attributes customers use to judge value or the attributes' relative importance may also change over time. In similar lines, Parasuraman (1997) proposes that empirical research is needed to understand the roles and relative importance of attribute, consequence, and goal-level criteria at various stages of a customer's association with a company.

Considering customer value from the perspective of relationship marketing, or relationship value is the most recent development in value research (Payne and Holt, 2001) and as yet there is limited theoretical and empirical work in this area (Ravald and Grönroos, 1996). Furthermore, regarding the link between the perceived value of a purchase and the variables that form the perceived relationship quality with a supplier, it has to be said that there are not many empirical studies. Thus, we consider this a strong argument in examining customer perceived value in this study in the context of relationship marketing.

2.9.1 Concept and Dimensions of Customer Perceived Value

Understanding customer value from the perspective of 'the value of the customer to the organization' has also received attention from researchers. This stream of research focuses on the value outcome that can be derived from providing and delivering superior customer value (Payne and Holt, 2001).

Gwinner et al, (1998) also say that for a relationship to begin, there have to be at least two interested parties who hope to obtain certain advantages and benefits (value) through the working and development of the relationship. Some of the research include work by Reichheld and Sasser (1990) who looked at the net-present-value profit improvement of retaining customers and Rust, Zahorik and Keiningham (1995) for assessing the impact of satisfaction and quality improvement on customer retention and market share. Similarly, Ennew and Binks (1996) examined the links between customer retention/defection and service quality. As a result most of the studies conclude that the cost of retaining customers is generally much less than the cost of acquiring new customers.

A number of researchers have suggested ways to define value from the customer's point of view (Anderson et al, 1993; Ravald and Grönroos, 1996; Woodruff and Gardial, 1996; Zeithaml, 1988). However, Woodruff's (1997) definition is considered the most comprehensive and is used in this study. He defines customer perceived value as follows:

> "a customer's perceived preference for and evaluation of those product attributes, attribute performances and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations" (Woodruff, 1997; pp 142).

This led Woodruff to develop the 'customer value hierarchy model' which links desired products/service attributes and performances to desired consequences in use situations which ultimately link to the customer's goals and purposes.

Extant literature reveals two major approaches to the conceptualization and dimensionality of perceived value. The first approach defines perceived value as consisting of a benefits component (economic, social and relational) and sacrifice component (price, time, effort, risk and convenience) by the customer (Dodds et al, 1991; Cronin et al, 2000).

Zeithaml (1988) also defines value as the result of a comparison made by the customer of the benefits obtained ad the sacrifices made. This view is shared by Parasuraman et al, (1985) who conceives perceived value as a highly subjective and personal concept. This utilitarian perception according to Sanchez et al, (2006) is thus applicable in the field of products, services and relationships. For services the benefits component would include the perceived quality of the service and the psychological benefits (Zeithaml, 1988). The sacrifice component is usually formed by the monetary and non-monetary prices, i.e. money and other resources such as time, energy and effort.

The second approach to customer value is based on the concept of perceived value as a multidimensional construct. Several authors (Woodruff, 1997; de Ruyter et al, 1997; Sweeney and Soutar, 2001; Sanchez et al, 2006) agree to this view which incorporates the functional as well as affective dimension. The functional dimension is defined as the rational and economic valuations of individuals which include the quality of the product and the quality of the service. Consequently, the affective dimension captures the emotional aspects of the individual such as feelings or internal emotions while the social dimension relates to the social impact of the purchase.

In the same line and incorporating literature from several fields such as economics, psychology, sociology, marketing and consumer behavior using the consumption value concept, Sheth et al. (1991a, 1991b) identifies five value dimensions; social, emotional, functional, conditional and epistemic. Functional value is defined as perceived utility of the attributes of the products and services while emotional value consists of the feelings or affective states resulting from the experience of the consumption. Social value is the acceptability or utility at the level of the individual's relationships with his social environment. Epistemic value captures the capacity of the product or service to surprise, arouse curiosity or satisfy the desire for knowledge. Finally, conditional value refers to the situational factors such as illness or specific social situations (Sheth et al, 1991a).

Later in another study that proposes a comprehensive approach to value, de Ruyter et al, (1997) includes cognitive and affective components to the concept of value. They showed that perceived value is made up of three dimensions: emotional, functional and logical. The emotional dimension reflects the customer's affective evaluation of the service encounter, the functional dimension shows the practical aspects of the service episode, and the logical dimension is made up of the quality of service and price.

Following Seth et al. (1991a, 199b) value concept, in another study, Sweeney and Soutar (2001) excluded the epistemic and conditional dimensions in their study of perceived value. This resulted in only three dimensions: functional value, social value and emotional value. The researchers further designed a scale measurement of value known as PERVAL. The functional value include factors such as price (value for money), quality (perceived quality of and expected yield of the service or product), and versatility (adaptability and practicality of product).

The social and emotional dimensions are represented by a set of intangibles that affect the relationship (Sweeney and Soutar, 2001).

To develop a comprehensive scale for services, and specifically for the tourism industry, Sanchez et al, (2006) developed a scale of measurement of post-purchase perceived value used in the tourism context and the scale is known as GLOVAL. Six dimensions were identified with four corresponding to functional value: functional value of the establishment, functional value of the contact personnel, functional value of the service purchased and functional value of price. The other remaining dimensions refer to the emotional value and social value. Adapting Sanchez et al, (2006) GLOVAL scale, Roig et al, (2006) used the same dimensions on the banking services sector. The findings of the study found perceived value to be a multidimensional construct composed of six dimensions: functional value of the establishment, functional value of the personnel; functional value of the service; functional value price; emotional value and social value. In view of the results obtained, Roig et al (2006) found that the most important elements of the value perceived by the consumer in the banking sector are emotional value (the feelings generated in the consumer) and the personnel that attend the public. Accordingly, the scale proposed by Sa´nchez et al, (2006) in the tourism industry is also applicable to the financial services sector.

It has been said that customer value explores the interaction between the product and service, the user and the use situation requirements, while customer satisfaction generally focuses on the product or service, i.e. what the organization provided (Woodruff and Gardial, 1996).

It is important to recognize that customer segments have different value and perceived value is considered to be a key to forging strong relationships with clients in insurance and other financial services (Durvasula et al, 2004).

As suggested by Sheth et al, (1991), examining multiple values appears to offer potentially richer interpretation of behavior consumption values and thus was used in this study to operationalize the value construct. Therefore, from a review of the literature, this study has selected four dimensions of customer perceived value deemed suitable for use in Islamic banking setting, namely, functional value, functional value contact personnel, emotional value and social value. From the relevant literature, Table 2.5 summarizes the dimensions used in customer perceived value.

Table 2.5: Dimensions Used in Customer Perceived Value

Researchers	Dimensions	Context
Sheth et al, (1991a, 1991b)	Functional value, conditional value, social value, emotional value and epistemic value	Psychology
De Ruyter et al, (1997)	Functional value, emotional value, logical value	Product/Service
Sweeney and Soutar (2001)	Functional value, social value and emotional value	Product/Service
Sanchez et al, (2006)	Functional value, social value and emotional value	Tourism

2.9.2 Customer Perceived Value in Relationship Marketing

The service management literature argues that customer satisfaction is the result of a customer perception of the value received in a relationship (Heskett, et al, 1997). Theoretically, customer value can be considered a cognition-based construct capturing any benefit-sacrifice discrepancy whereas customer satisfaction is primarily an affective and evaluative response (Oliver 1993).

The connection between perceived value and customer satisfaction has been debated in the services marketing literature. It is contended that value has a direct impact on how satisfied customers are with a supplier and that satisfaction depends on value (Ravald and Grönroos, 1996). Also, Zeithaml (1988) suggested that customers who perceive that they received 'value for money' are more satisfied than customers who do not perceive they received 'value for money'. Fornell et al, (1996) also supported a positive influence of perceived value on customer satisfaction. In a study of hotel guests in Mauritius (Hu et al, 2009), customers' perceived value was also found to affect customer satisfaction, the image of the hotel, and customers more likely to prefer the organization and recommend it to others. A study also found that in evaluating the service value, consumers consider the transaction's specific attributes as well as the price and the quality of the service (Andreassen and Lindestad, 1998). McDougall and Levesque (2000) found that perceived value contributes directly to customer satisfaction which in turn, leads to future intentions. Empirical studies investigating value dimensions to determine their impact on behavioral studies have also been studied by several researchers in different contexts. (Pura, 2005, Wang et al,. 2004).

In the mobile service sector, the direct effect of perceived value dimensions (monetary, convenience, social, emotional, conditional and epistemic value) on commitment and behavioral intentions was investigated. Results show behavioral intentions were most influenced by conditional value, followed by commitment and to some extent monetary value. The influence of social and epistemic value was not significant (Pura, 2005).

Wang et al, (2004) explored the decomposed effects of customer value dimensions (functional value, social value, emotional value and perceived sacrifices) on customer-relationship-management (CRM) performance in terms of relationship quality and customer behaviors of customers from two securities firms in China. Empirical results found that all customer value dimensions of the study had indirect effects on customer behavior CRM performance, and relationship quality played a mediating role in the relationship between each dimension of customer value.

2.10 Relationship Quality

Relationship quality has been proposed as one of the important predictors in the long-term relationship development concerning buyers and sellers (Zhen et al, (2007). Relationship quality has been originally described as a bundle of intangible value which augments products or services and results in an expected interchange between buyers and sellers (Levitt, 1986).

Some researchers describes relationship quality as the overall depth and climate of a relationship including how well the whole relationship fulfills the expectations, predictions, goals and desires the customer has concerning the whole relationship (Johnson, 1999; Jarvelin and Lehtinen, 1996).

Early studies has focused predominantly on constructs such as customer satisfaction and service quality, but relationship quality construct is now emerging as a central construct in the relationship marketing literature (Hennig-Thurau et al, 2001). Relationship quality has been an area of interest in the relationship marketing literature (Crosby et al, 1990; Morgan and Hunt 1994; Kumar et., 1995; Hennig-Thurau et al, 1997, Roberts et al, 2003; Wang et al, 2006) because it is deemed to be an important relationship marketing success. Gummesson (1987) considers relationship quality as the quality of the interaction between a firm and its customers, and claims that it could be interpreted in terms of accumulated value. Johnson (1999) simply describes relationship quality as the overall depth and climate of the interfirm relationship whereas Grönroos (2000) argues that relationship quality is the dynamics of long-term quality formation in ongoing customer relationships.

In the buyer-seller environment, relationship quality has been proposed as one of the most significant predictors for long-term relationship (Crosby et al, 1990; Kumar et al, 1995; Dorsch et al, 1998). According to Hennig-Thurau and Klee (1997) relationship quality has been defined as "the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship".

Crosby et al, (1990) developed a model showing that relationship quality is achieved from a customer's perspective through the salesperson's ability to reduce perceived uncertainty and conceptualized relationship quality as a higher-order construct of at least two dimensions, including trust in the salesperson, and satisfaction with the salesperson.

Consequently, Crosby et al, (1990, pp.80) define relationship quality as when "the customer is able to rely on the salesperson's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory". From a service provider's perspective, relationship quality is when "firms should be able to monitor the quality of their customers' relationship with them, as well as the effectiveness of their relationship programs aimed at building relationship quality, since relationship quality provides a metric for such assessment" (Roberts et al, 2003, pp.190).

In sum, relationship quality is assumed to measure the extent to which consumers want to maintain relationships with their service providers. From the discussion above, Table 2.6 compiles the definitions used for relationship quality.

Table 2.6: Definitions of Relationship Quality

Authors	Definition
Crosby et al, (1990)	Define relationship quality as when "the customer is able to rely on the salesperson's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory"
Hennig-Thurau and Klee (1997)	Relationship quality has been defined as "the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship".
Johnson (1999)	Simply describes relationship quality as the overall depth and climate of the interfirm relationship
Grönroos (2000)	Argues that relationship quality is the dynamics of long-term quality formation in ongoing customer relationships
Roberts et al, (2003)	Relationship quality is when "firms should be able to monitor the quality of their customers' relationship with them, as well as the effectiveness of their relationship programs aimed at building relationship quality, since relationship quality provides a metric for such assessment"

2.10.1 Dimensions of Relationship Quality

Various authors in the marketing domain have conceptualized relationship quality to be a multi-dimensional construct (Dwyer et al, 1987; Crosby et al, 1990; Kumar et al, 1995; Hennig-Thurau et al, 1997, Dorsch et al, 1998). However, 'there is no consensus on which dimensions make up relationship quality, although considerable overlap exists in the various conceptualizations' (Dorsch et al, 1998, p. 129). This may be linked to the heterogeneity of viewpoints adopted within various research papers, and/or to the variety of industries within which the research has taken place.

A review of relationship quality literature shows that there are a multitude of dimensions that are considered important for conceptualizing relationship quality in different contexts. In one of the early relationship quality study, Dwyer and Oh (1987) suggest that high levels of satisfaction, trust and minimal opportunism reflect a quality relationship. For Kumar et al, (1995) relationship quality consists of conflict, trust, commitment, willingness to invest and expectation of continuity. Shamdasani and Balakrishnan (2000) and Kim and Cha (2002) have all considered relationship quality as a higher-order construct comprised of trust and satisfaction. However, Hennig-Thurau and Klee (1997), Wang et al, (2005) and Palmatier et al, (2006) added a third dimension of relationship quality which is commitment to the earlier two dimensions of relationship quality consisting of trust and satisfaction .Other dimensions of relationship quality have been proposed in the past. These include communication (Bejou et al, 1996), seller expertise (Palmer and Bejou, 1994), benevolence, trust and commitment (Bennett and Barkensjo, 2005).

A study by Ndubisi (2007) on relationship quality antecedents for the retail banking setting in Malaysia found trust to contribute more significantly than commitment, communication and conflict handling to overall relationship quality. Another study by Wong et al, (2007) on financial service customers in Hong Kong, however, found information sharing to have a strong influence on relationship quality and customers' anticipation of future interaction as well as their willingness to provide referrals. It can be concluded that there is general agreement that customer satisfaction with the service provider's performance, trust in the service provider, and commitment to the relationship with the service firm are key components of relationship quality (Crosby et al, 1990; Hennig-Thurau, 2006; Kumar et al, Dorsch et al, 1998, Liang and Wang, 2006; Chen, Shi and Dong, 2007). In addition, Roberts et al, (2003) found that relationship quality was a distinct construct and that relationship quality was a better predictor of behavioral intentions.

Satisfaction

Satisfaction is the first dimension used to measure relationship quality in this study. The satisfaction construct has theoretical precedent in the organizational behavior, sales management, services quality, and some of the business to business relationship marketing. The choice of satisfaction is consistent with previous research in relationship marketing that has found satisfaction to be a key determinant of the relationship between customer and service provider (Hennig-Thurau and Klee, 1997; Shamdasani and Balakrishnan, 2000; Hennig-Thurau, 2002; Kim and Cha, 2002; Roberts et al, 2003).

Likewise, satisfaction is extremely important to marketing practitioners and there is a practical need to consider, if, how, and where the satisfaction construct fits in models of relationship marketing (Gruen, 1995). Studies in customer satisfaction show that highly satisfied customers tend to purchase more and are more likely to remain as customers (Berry, 1994).

In reviewing the service literature, customer satisfaction has been generally viewed within the expectation-disconfirmation theory (Oliver, 1980; Churchill and Suprenant, 1982). In this traditional view, satisfaction is treated as the outcome of a comparison process between expectation and perceived performance. Fornell (1992) concludes that satisfaction is a post-purchase assessment leading to an overall feeling about specific transactions while Crosby et al, (1990) conceptualized satisfaction as an emotional state that occurs in response to an evaluation of interaction experiences. Customer satisfaction as one of the dimensions of relationship quality is important in maintaining healthy customer relationships. Committed and satisfied customers tend to believe that their service providers are different from those in the marketplace and that their service providers are hard to duplicate (Kim et al, 2001). This research adopts Storbacka et al.'s (1994, p.25) definition of customer satisfaction as a measure of relationship quality. He defines customer satisfaction as the 'customers' cognitive and affective evaluation based on their personal experience across all service episodes within the relationship."

It stands to reason that a customer who is not satisfied with the service received by a service provider cannot be expected to have a good relationship with the firm, as the satisfaction of customer needs is at the core of the exchange relationship (Roberts et al, 2003).

Similarly, Crosby et al. (1990) states that satisfaction is the summary measure that provides an evaluation of the quality of all past interactions with the service provider and, in doing so, shapes expectations about the quality of future interactions.

A vast stream of literature has revealed that customer satisfaction has positive links with customer loyalty and retention (Fornell, 1992; Levesque and McDougall, 1996; Oliver, 1980; Sharma and Patterson, 2000), commitment (Burham et al, 2003; Morgan and Hunt, 1994), service quality (Athanassopoulos, 2000; Zeithaml, 2000) and behavioral intentions (Zeithaml, 2000). The common theme in such studies is that the propensity and growth of a retail bank depends to a large extent on its ability to build a base of loyal customers and to differentiate itself via superior service quality that results in satisfied customers (El-Eisa and Alhemound, 2009).

According to Dabholkar (1995) the causal ordering between customer satisfaction and service quality is situation- specific. However, several authors agree that customer satisfaction appears to have a combination of cognitive and affective elements while service quality seems to mainly constitute a cognition evaluation (Athanasopoulou, 2000; Oliver, 1997; White and Yu, 2005). In another study, Cronin and Taylor (1994) contended that customer satisfaction is associated with transaction-specific judgments while service quality with global evaluations and long-term attitudes. Thus, Dabholkar (1995) suggested that service quality would be perceived as antecedent to customer satisfaction by customers who are cognitive-oriented while the opposite would be perceived as affective-oriented customers.

Despite the disagreement among several authors, most researchers agree that customer satisfaction and service quality act together on behavioral intentions. Furthermore, recent research efforts have found customer satisfaction to be a mediator between service quality and behavioral intentions (Cronin et al, 2000; Dabholkar et al, 2000, Olorunniwo et al, 2006). The authors concluded that the indirect effect of service quality on behavioral intentions through customer satisfaction is a key driver of behavioral intentions.

In sum, although satisfaction has been discussed in a variety of ways, Leverin and Liljander (2006) maintain that customer satisfaction could be understood better within the transactional exchange or relational exchange. Therefore, in this study the use of customer satisfaction as one of the dimensions of relationship quality appears justified.

Commitment

Commitment is the second dimension used to measure relationship quality in this study. Commitment appears to be one of the most important variables for understanding the strength of a marketing relationship (Wong and Sohal, 2002). Commitment has been described in many ways in the relationship marketing literature. Moorman et al, (1992) define commitment as enduring desire to maintain a valued relationship.

In the buyer-seller relationship, commitment is defined as ‘an implicit or explicit pledge of relational continuity between exchange partners” (Dwyer et al, 1997). Sometimes it is conceptualized as a “pledge of continuity” from one party to another (Dwyer et al, 1987). Others have put forward that the root of commitment lies in sacrifice or the potential for sacrifice that a party faces in the event that the relationship ends (Anderson and Weitz 1992) or the forsaking of alternative options (Gundlach et al, 1995). More recently, commitment has been defined as a resistance to change (Pritchard et al, 1999) and a type of attitude strength (Fullerton, 2003). Adopting a broader perspective, Morgan and Hunt (1994) define commitment as a belief by an exchange partner that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. Commitment refers more to the economic, emotional and/or psychological attachments that the customer may have toward the brand, store or service (Thomson el., 2005). Therefore, commitment was not only an important characteristic to maintain good and long-term relationships (Hennig-Thurau and Klee, 1997) but also an expression of customers' willingness to stay with retailers (Moorman et al, 1993; Wulf et al, 2001; Odekerken-Schroder et al, 2003).

In a model of commitment developed by Meyer and Allen (1987) three components of commitment were conceptualized: affective commitment, calculative or continuance commitment and normative commitment. Affective commitment reflects a customer's sense of belonging and involvement with a service provider akin to emotional bonding (Fullerton, 2003). Some authors define affective commitment as the psychological attachment of an exchange partner to the other and are based on feelings of identification, loyalty and affiliation (Vernhoef et al, 2002; Bansal et al, 2004). Bendapudi and Berry (1997) also support that that relationships characterized by high levels of affective commitment correspond to dedication-based relationships.In calculative commitment customers can be committed to a selling organization because they feel that ending the relationship involves an economic or social sacrifice (Fullerton, 2005). Meanwhile normative commitment is the degree to which a person is psychologically bonded to the organization on the basis of perceived moral obligation to maintain the relationship with the organization (Allen and Meyer, 1990).

Similarly, Bansal et al, (2004) define calculative commitment as a force that binds consumer to the service provider out of need and reflects the fact that a consumer may stay with a service provider because he feels he has to or “locked in” to the service.

In reviewing literature on relationship marketing, it has been found that the majority of researchers have not explicitly applied the three-component of commitment proposed by Allen and Meyer (1990) to investigate relationship commitment. In general relationship marketing operationalise commitment as affective commitment (Fullerton, 2005). In similar manner, Roberts et al, (2003) acknowledged that the various kind of commitment, only affective commitment influences the degree to which a consumer wants to maintain a relationship with the firm.

A study to determine the influence of customer commitment dimensions, namely affective commitment and continuance commitment on loyalty in service relationships reveal that customer commitment drives behavioral loyalty (Evanschitzky et al, 2006). Most marketing authors, particularly those in relationship marketing found commitment is better seen as affective as it works more effectively in long-term relationships. It also has been found that Moorman et al, (1992) and Morgan and Hunt’s (1994) definitions dominated the discussion on commitment in relationship marketing literature. Bansal et al, (2004) also found that all three forms of commitment played a role in switching intentions. In addition, all three forms mediated some of the commonly drivers of switching and actual switching intentions. Their study suggests that it is important to include commitment when examining customer retention. Hence, it is assumed that commitment is an important variable in the measurement of relationships, especially long-term relationships and why commitment is chosen as one dimension of relationship quality used in this study.

2.11 Relationship Quality and Behavioral Intentions

Related literature suggests that customer's behavioral intentions are strongly affected by their relative degree of satisfaction and dissatisfaction with products and services they have used. These behavioral consequences can be categorized to two groups, as favorable and unfavorable intentions (Zeithaml, 1996). Accordingly, in Zeithaml et al. (1996) study of consequences of service quality on behavioral intentions, she proposed four indicators of unfavorable intentions: say negative things, switch to another company, complain and do less business with the company. In like manner, and within the relationship marketing literature Crosby et al. (1990) suggested that relationship quality be a good indicator of the future well-being of long-term service relationship. The anticipation of future relational exchange is generally expressed in terms of two behavioral outcomes, namely repeated purchase and word-of-mouth recommendation (Bitner, 1990).

Repeated purchase has been viewed as an indicator of whether or not a customer will maintain a relationship with the company (Zeithaml et al, 1996) while word-of-mouth recommendation is the extent to which customers will inform their friends, relatives and colleagues about the consumption experience. In similar manner, a study by Hennig-Thurau et al. (2002) found a significant and strong direct impact of satisfaction and commitment on both customer loyalty and word-of-mouth communication. It was also found that committed and satisfied customers tend to believe that their service providers are different from those in the marketplace and that their service providers are hard to duplicate (Kim et al, 2001).

As a result of these studies, it appears that satisfaction and commitment as dimensions of relationship quality in this study are theoretically and empirically shown to be mediators of the link between relational benefits and relationship marketing outcomes. A review of related literature found most consequences of relationship quality to be a positive outcome. Empirical work to investigate negative behavioral outcome is lacking and studies of switching intention of Islamic banking customers in a dual banking setting has not been explored. Thus, this study aims to fulfill the gap in the literature on negative behavioral outcomes.

Switching Intentions

This study explores switching intention as the dependent variable and the interest in bank switching behavior grew during the 1990s and since then academics and practitioners have given service switching a high priority. The competitiveness of banking combined with the relative homogeneity of banking products and services appears to make banking particularly susceptible to customer switching behavior (Chakravarty et al,. 2003).

The study of Susan Keaveney (1995) is considered to be a major step forward in gaining an understanding of switching between service providers. Her exploratory study was designed based on an investigation forty five service providers. The model contained a number of variables which are considered to be useful in gaining an understanding of bank switching. Using the critical incident method, specifically the model proposes eight main causal variables as determinants of switching behavior, including price, inconvenience, core service failures, service encounter failures, failed employee responses to service failures, competitive issues, ethical problems, and involuntary factors. Keveaney's (1995) work also suggests that to measure the total effects of service variables on switching behavior, multiple antecedents must be investigated simultaneously.

With the intention of complementing the literature in the area of switching behavior, the present study uses the Theory of Reasoned Action (Ajzen, 1980) and the Theory of Planned Behavior (TPB) to explain switching intention.The Theory of Reasoned Action (TRA) was derived from the social psychology which led to the study of attitude and behavior. The key application of the theory of reasoned action is prediction of behavioral intention, and the three general constructs of TRA are behavioral intention, attitude and subjective norm. According to the theory, behavioral intention to exhibit a particular behavior is formed based on the individual's attitude toward the behavior and on perceived subjective norm. Attitude toward behavior reflects a person's beliefs that the behavior leads to certain outcomes and the person's evaluation of the outcomes, favorable or unfavorable. The second construct, subjective norm captures the individual's perception of the extent to which his social environment influences such a behavior to be normal or desirable.

The TRA was later extended and the TPB was developed (Ajzen, 1991). According to the author, the need for this new model results from limitations on behaviors on which people had little control. A third element was added to the model called perceived behavioral control (PBC). The theory proposes that individuals are more likely to carry out a particular behavior if they believe the behavior will lead to specific desirable outcomes, if the people whose views they value think they should carry it out and if they consider that they have the needed resources and opportunities to do so.

The addition of the PBC construct improves the predictive capabilities of the earlier model, particularly for behaviors that are not under volitional control (Ajzen and Fishbein, 1980). Therefore switching intention in this study is consistent with the behavioral models as the theory states that a behavioral intention measure can predict any voluntary act, unless intent changes prior to performance or unless the intention measure does not correspond to the criteria in terms of needed resources or opportunities to do so.

Subsequently and building from Keaveney's work, Bansal and Taylor (1999) developed a service provider switching and they used the theory of planned behavior in developing their service provider switching model. Their findings found service quality and satisfaction to play an important role in switching decisions, consistent with prior research (Anderson and Sulivan, 1993; Cronin and Taylor, 1992; Reichheld and Sasser, 1990; Zeithaml, Berry and Parasuraman, 1996, Chakravarty et al, 2003). Their results found attitude toward switching to be the most influential determinant of switching intentions.

Rust and Zahorik (1993), researching in a service context, emphasize the negative effects of customer switching on market share and profitability. Losing customers not only leads to opportunity costs because of lack of sales revenue, but also to the cost of attracting new customers (offensive marketing), which includes promotion, discounts, effort to know customer needs, and time to build sustainable relationships. From channel literature and in channel relationships, Ping (1993) studied antecedents of responses to problems including exit intention. He found that satisfaction, alternative attractiveness, investments, and switching costs were associated with exit intention. Furthermore, his findings reveal that satisfaction and the unattractiveness of alternative relationship were negatively associated with exit intentions. At the same time, investments and switching costs were not associated with switching intention. Some authors found that reasons behind customer switching behavior has been related to perceptions of quality in the banking industry (Rust and Zahorik, 1993), and over-all dissatisfaction in the insurance industry (Crosby and Stephens, 1987).

Keaveney and Parthasarathy (2001) likewise warn that consumers' switching behavior in services markets can be particularly serious when the service is delivered continuously, such as in insurance, banking, public services, medical insurance, telecommunications, or generally in services where customers take out a subscription.
In a study of retail banking services in Australia and New Zealand, Colgate and Hedge (2001) investigated switching processes taking into consideration switching behavior and complaints made prior to exit. Their results identified three factors of switching problems in retail banking, namely service failure, pricing problems and denied services. Their findings opposed Keveaney's (1995) model which emphasize five major categories of switching problems Therefore, from the above related literature on switching behavior most researchers generally agree that service quality and satisfaction with their service providers are important in customer relationships. Thus, superior service quality and satisfied customers can prevent switching.

2.11 Alternative Attractiveness as a Moderator Variable

In this study, a moderator variable, alternative attractiveness is investigated to determine its impact on relationship quality and switching intention. Alternative attractiveness is conceptualized as the client's estimate of the likely satisfaction available in an alternative relationship while a lack of attractive alternative offerings has been suggested to be a favorable situation to defend clients (Ping, 1993).

Alternative attractiveness has been highlighted by research on consumer decision making and interpersonal relationships. Empirical studies in marketing show that the performance of a foregone alternative decreases post-purchase evaluations such as satisfaction toward the chosen brand (Taylor, 1997). The effect of an alternative on commitment and repurchase intentions in services and channel relationships has also been examined (Ping, 1993; Jones et al, 2000). However, results regarding the effect have been mixed (Yim et al, 2007). A study by Sharma and Patterson (2000) show that clients may decide to terminate the current relationship and seek new service providers if they perceive the alternative to be attractive due to the availability of better service, the proximity of location, the availability of a full range of services and lower fees or the promise of high financial returns. It has also been found that alternative attractiveness also may influence commitment to a relationship, because if the consumer perceives few attractive alternatives, he or she will be more committed to the relationship (Yim., 2007).

Related literature suggests that customers may seek to discontinue or leave a relationship if a more attractive alternative is available. Jones and Sasser (1995) point out that, in a situation of high competition (many alternative service advisers) dissatisfied customers quickly change their service supplier. If low competition exists (no or few alternatives), or clients are simply unaware of the available alternatives, a less than satisfied customer may stay in the relationship exhibiting spurious loyalty. Based on the literature, alternative attractiveness is the moderator variable used in this study to determine the effect of corporate image, service quality, customer perceived value and its effect on relationship quality on switching intention.

According to Athanasopoulou (2009) in his review of relationship quality, the use of moderating variables is quite rare in relationship quality studies and he found only two studies which have investigated moderators in their research. One study investigated moderating variables in a retail situation using gender and age of the relationship while another used corporate culture and uncertainty as moderating variables in the business context. Due to the limited study of moderating variables in marketing literature, this study examines alternative attractiveness as a moderator in an Islamic banking setting.

2.12 Conceptual framework

From the discussion above, the following conceptual framework is presented in Figure 1 below

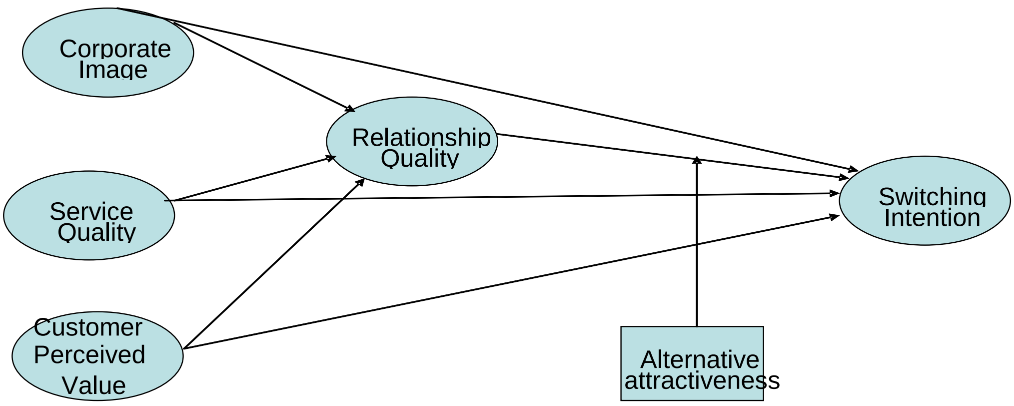


Figure 2.1 The Conceptual Framework
Corporate Image, Service Quality, Customer Perceived Value, Relationship Quality and its effect on Switching Intention among Islamic Banking Customers in Malaysia