CUSTOMER LOYALTY IN FINANCIAL SERVICES
FROM A SERVICE-DOMINANT LOGIC PERSPECTIVE

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ABSTRACT

Purpose – Modern customers are now more informed, connected, and active in their consumption activities. As a result, it is becoming increasingly common for consumers to jointly create value with the firm to satisfy their personalised demand. The purpose of this research is to investigate the effect of involving customer as active participants in the co-production of consumption experience and co-creation of value on customer loyalty in the provision of financial services.

Design/methodology/approach – The hypotheses were tested by using regression analysis on data collected from a survey that yielded 285 respondents who are the customers of various unit trust companies in Malaysia.

Findings – The findings show that there is a significant and positive relationship between value co-creation and customer loyalty. It displays that customer experience mediate the relationship between value co-creation and customer loyalty, and attitudinal loyalty mediates the relationship between customer experience and behavioural loyalty.

Practical implications – Value co-creation is an important strategy for financial services provider to find innovative ways to differentiate themselves and foster customer loyalty in the increasingly competitive marketplace.
**Original/value** – This research binds together value co-creation and customer loyalty in the financial services context which has not been done in prior research. This research also builds empirically evidence to support and validate the concept of value co-creation.

**Keywords** – services marketing, service-dominant logic, value co-creation, customer loyalty, customer experience

**Paper type** – Research paper
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TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION
1.1. Research Background 2
1.2. Research Question and Objectives 5
1.3. Significance of the Research 6
1.4. Scope of the Research 7
1.5. Organisation of the Research 8

CHAPTER 2: LITERATURE REVIEW
2.1. Services Marketing 9
   2.1.1. Definitions of Services 9
   2.1.2. Characteristics of Services 11
   2.1.3. Service-Dominant Logic 15
      2.1.3.1. The Ten Foundational Premises of Service-Dominant Logic 16
      2.1.3.2. The Key Attributes of Service-Dominant Logic 18
2.2. Customer Loyalty 22
   2.2.1. Benefits of Customer Loyalty 22
   2.2.2. Definitions of Customer Loyalty 23
      2.2.2.1. Behavioural Loyalty 23
      2.2.2.2. Attitudinal Loyalty 24
      2.2.2.3. True Loyalty 25
   2.2.3. Customer Experience and Loyalty 26
      2.2.3.1. Definitions of Customer Experience 27
      2.2.3.2. Constructs of Customer Experience 28
2.3. Customer Loyalty from a Service-Dominant Logic Perspective 29
   2.3.1. The Concept of Co-Creation 31
   2.3.2. The Dimensions of Co-Creation 32
   2.3.3. Co-creation in Financial Services Context 34
   2.3.4. Co-creation, Customer Experience and Customer Loyalty 35
2.4. Research Question and Objectives 36

CHAPTER 3: RESEARCH METHODOLOGY
3.1. Research Hypotheses Development and Conceptual Framework 38
   3.1.1. Research Hypotheses Development 38
   3.1.2. Conceptual Framework 42
3.2. Development of Measures 43
   3.2.1. Value Co-creation Measures 43
      3.2.1.1. Dialogue 43
      3.2.1.2. Access 45
      3.2.1.3. Risk Assessment 45
      3.2.1.4. Transparency 45
   3.2.2. Customer Experience Measures 46
      3.2.2.1. Functional Experience Outcomes 46
      3.2.2.2. Emotional Experience Outcomes 46
   3.2.3. Customer Loyalty Measures 47
   3.2.4. Profile of Respondents 47
CHAPTER 4: RESEARCH RESULTS

4.1. Screening and Cleaning Data

4.2. Descriptive Analysis
   4.2.1. Profile of Respondents
   4.2.2. Normality of Data

4.3. Factor Analysis
   4.3.1. Classification of Value Co-Creation
   4.3.2. Classification of Customer Experience
   4.3.3. Revised Conceptual Framework

4.4. Goodness of Data
   4.4.1. Reliability of Measures
   4.4.2. Validity of Measures

4.5. Hypotheses Testing
   4.5.1. Relationship Between Value Co-creation and Customer Experience
   4.5.2. Relationship Between Customer Experience and Customer Loyalty
   4.5.3. Relationship Between Attitudinal Loyalty and Behavioural Loyalty
   4.5.4. Statistical Test of Mediating Variables

4.6. Summary of Research Results

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1. Introduction

5.2. Discussion

5.3. Managerial Implications

5.4. Limitations of Research

5.5. Recommendations for Future Research

References

Appendix A Constructs and Items
Appendix B Profile of Respondents
Appendix C The Value of Skewness and Kurtosis
Appendix D The M-Estimator Values
Appendix E Factor Analysis
Appendix F Correlation Matrix of Measures
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Organisation of Introduction</td>
<td>1</td>
</tr>
<tr>
<td>2.1</td>
<td>Organisation of Literature Review</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>Organisation of Research Methodology</td>
<td>39</td>
</tr>
<tr>
<td>3.2</td>
<td>Conceptual Framework</td>
<td>42</td>
</tr>
<tr>
<td>4.1</td>
<td>Organisation of Research Results</td>
<td>52</td>
</tr>
<tr>
<td>4.2</td>
<td>Revised Conceptual Framework</td>
<td>60</td>
</tr>
<tr>
<td>5.1</td>
<td>Organisation of Discussion and Conclusion</td>
<td>70</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 1.1  Key Statistics of Malaysian Unit Trust Industry 7
Table 2.1  The Ten Foundational Premises of Service-Dominant Logic 17
Table 4.1  The Results of Reliability 61
Table 4.2  Result of Regression Analysis for Value Co-Creation on Customer Experience 63
Table 4.3  Result of Regression Analysis for Customer Experience on Attitudinal Loyalty 64
Table 4.4  Result of Regression Analysis for Customer Experience on Behavioural Loyalty 65
Table 4.5  Result of Regression Analyses for Attitudinal Loyalty on Behavioural Loyalty 66
Table 4.6  Path Analysis for Testing Customer Experience as a Mediating Variable 68
Table 4.7  Path Analysis for Testing Attitudinal Loyalty as a Mediating Variable 69

LIST OF SYMBOLS AND ABBREVIATIONS

FiMM  Federation of Investment Managers Malaysia
SC  Securities Commission
PAF  Principal Axis Factoring