

## The Influence of Relationship Quality on Loyalty in Service Sector

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### ABSTRACT

Stiff competition in the service market forces service firms looking for the best approach to attract and create a group of loyal customers. Relationship marketing is a strategy used by many service providers to maintain long-term relationship. Moreover, relationship quality is the manifest of successful relationship marketing activities. Good implementation of relationship marketing strategy can be seen from good relationship quality built between customer and service provider. The purpose of this research is to examine the relationship between relationship quality and loyalty across service types (Credence services versus Experience Services). In this study, relationship quality dimensions consist of interpersonal factors (closeness, communication, communication quality and special care) and firm factors (commitment, trust and satisfaction). The findings revealed that relationship quality influenced the loyalty in both service types. Importantly, all dimensions of relationship quality have different magnitude of influence on relationship quality in both credence services and experience services; with “commitment” has the strongest influence and “communication quality” as the weakest dimension. To sum up, in developing good relationship quality, the service provider should focus on both firm factors as well as interpersonal factors.

**Keywords:** Relationship quality, credence services, experience services, loyalty

### INTRODUCTION

In highly competitive market, firms are competing to attract potential customers and try to retain them. To achieve that, firms heading toward developing

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relationship with current and also potential customers. The Oxford dictionary defined relationship as “*the way in which two or more people or things are connected, or the state of being connected, or the way in which two or more people or groups regard and behave towards each other*” (Oxford Digital Dictionary, 2003). It appears that, in relationship, both parties must work and behave in such a way that benefits each other. In business, relationship or known as business relationship is not a new phenomenon when the interaction between a customer and a supplier or the firm has economic consequences that go beyond the simple transfer of products for money in a single transaction. Relationships between both business parties emerge when each transaction between these two parties is affected by their previous dealings and it might affect their future dealings with each other (Ford, *et al.*, 1998).

In Asian countries, which are described as collectivism culture (Hofstede, 1991), relationships either in business or personal life are not strange to them. It is rooted from their beliefs and therefore most customers are willing to be involved in relationship due to their culture which emphasizes long-term relationships. However, the concepts of interpersonal relationship in Asia are facing new challenges as Yang and Ho (1988) study on university students in Taiwan found that personal choice now plays a more important role in the formation of relationship as compared to blood-related relationship. Their findings are supported by one study in Japan by Ho and Chiu (1994), who found that instrumental (co-worker) and voluntary (friend) relationship are gaining ascendancy, whereas relationship based on blood and marriage ties (parents and kids) or on residential location (neighbour) are waning – the traditional pattern is being reversed. Asian people are moving towards personal relationship instead of existing traditional relationship.

Back to business relationship, the highly competitive market requires industry players to find a way to maintain long-term relationship with their customers, which is called relationship marketing (RM) or some books called it as customer relationship management. RM is very crucial in service sectors because of its intangibility characteristic, which is difficult for customers to evaluate services visually. The success of RM activities can be translated into a good relationship quality between the customer and the service provider (Hennig-Thurau, Gwinner and Gremler, 2002), which leads to customers' loyalty. Although most previous researchers acknowledged the importance of relationship quality in influencing customer loyalty, very few studies try to combine interpersonal factors as a dimension of relationship quality. As such, the purpose of this study is to examine the influence of relationship quality on loyalty in service sectors and at the same time attempts to investigate the importance of each dimension, from firm or interpersonal, in contributing to the relationship quality itself.

## LITERATURE REVIEW

### Relationship Quality

Relationship quality (RQ) is an extended issue of relationship marketing. RQ refers to a customer's perceptions of how well the whole relationship fulfills the expectations, predictions, goals, and desires the customer has concerning the whole relationship (Jarvelin and Lehtinen, 1996). RQ is a manifest of positive relationship outcomes that reflect the strength of a relationship which meets the need and expectation of involved parties (Smith, 1998). This relationship forms the overall impression that a customer has concerning the whole relationship they have with any service providers (Wong and Sohal, 2002).

RQ in service sectors can be divided into two; professional relation and social relation (Gummesson, 1987). Professional relation is grounded on the service provider's demonstration of competence, whereas social relation is based on the effectiveness of the service provider's social interaction with the customer (Wong and Sohal, 2002). In other words, RQ can be seen from professional and/or social relations. To be successful in building this relationship, the service provider should not only focus on professional relation but at the same time emphasizes on customer's social interactions. This is crucial because customer sees RQ can be achieved through the salesperson or service employee's ability to reduce perceived uncertainty (Zeithaml, 1981) through interpersonal interaction.

### The Customer-Employee Relationship on Relationship Quality

In today's volatile environment, businesses are increasingly dependent on the relationship they have with their suppliers and are demanding that they adhere to high standard. The effectiveness of this relationship has long been recognized as being critical for business success (Wilson, 1995). The same issue also occurs in service sector. The interaction occurs between the service provider and customer. At this juncture, the service providers are represented by their employees who directly interact with the customers. If this relationship is well developed, the firms will get the benefits with the success of the business itself.

Business identified two factors that might influence relationship satisfaction; namely instrumental factors and interpersonal factors (Abdul-Muhmin, 2005). Between these two factors, interpersonal factors are the most influential factor compared to instrumental factors in influencing relationship satisfaction. The author argues that instrumental factors work as a basis for developing or starting the relationship. Instrumental factors develop the foundation of relationship whereas interpersonal factors help to cement the relationship. Good interpersonal relationship helps to strengthen the relationship between the customer and service employee, and develop trust between them (Auh, 2005). However,

interpersonal relationships are not being developed in one day; it needs time and effort to do that. Interpersonal interactions lead to identification of variables like trust, fairness, shared values, relational social norms and communication as determinant of relationship in business context or in service sectors.

Most of the previous researchers believed that one of the important factors influencing the success of RQ is the relationship between the customers and first-line employees or service employees. For instance, Gummesson (1987) and Abdul-Muhmin (2005) argue that interpersonal or social interactions are important in developing good relationship with the customers. Service employees form close relationship with customers because employees and customers often work together in the creation of many services (Moir, 1997). This is because service is produced by employees and consumed by customer simultaneously (Berry, 1980; Lovelock, 1981). In addition, the intangibility of services make it difficult for customers to evaluate the service they receive, and since such as an evaluation often seem desirable, customers would tend to evaluate what they can sense (Gronross, 1978) and sometimes, customers often rely on employees' behaviour in forming opinion about the service offering (Gronroos, 1983; Shostack, 1977a, 1977b). Because of these two functions, employees actually become part of the service in the customer's eyes (Lovelock, 1981).

Hsieh and Hiang (2004), found that the interaction quality between customer and service employee has a positive impact on RQ (trust and satisfaction). Service employees should portray high customer orientation they serve their customers, as this becomes an important indicator for customer satisfaction (Hennig-Thurau, 2004). In other words, employees' social skills and their motivation to fulfill customer needs exert a strong influence on satisfaction and commitment, and develop stable relationship with customers. The ability of service employee in delivering a reliable and quality service has strong influence on customer's trust as well as their loyalty (Auh, 2005).

Based on the dimensions of RQ in various study settings, Hennig-Thurau et. al. (2002) argued that customer satisfaction with the service provider's performance, trust in the service provider and commitment to the relationship with the service firm are identified as a key component of RQ (Baker, Simpson and Siguaw, 1999; Crosby, Evans and Cowles, 1990; Dorsch, Swanson and Kelley, 1998; Garbarino and Johnson, 1999; Palmer and Bejou, 1994; Smith 1998). These three key components contribute to RQ at firm level, whereas the RQ between customer and service employee works at interpersonal level. For the present study, trust, commitment and satisfaction with the service provider were identified as the dimensions of RQ at organizational level and closeness, communication and communication quality, and special care were the dimensions of RQ at interpersonal level.

In previous studies of RQ, some researchers link their study on relationship with loyalty, which act as dependent variable (Shamdasani and Balakrishnan,

2000; Hennig-Thurau, *et al.*, 2002; Roberts, Varki and Brodie, 2003; Liang and Wang, 2004; Guenzi and Pelloni, 2004; Lin and Ding, 2005). The purpose of doing so is to demonstrate that a good RQ will contribute to customer loyalty. Yet, the conceptualization of loyalty varies among researchers. For example, some of researchers see loyalty in terms of behavioral loyalty or attitudinal loyalty (“mental state”) or both, i.e., in the sense that customers can express their loyalty in many ways, e.g. repeat purchase, willing to recommend, increase usage, etc. Moreover, loyalty is the final output of good RQ between customer and service provider in either credence services or experience services. Therefore, the study hypothesized that:

**H1:** In credence services, RQ has positive influence on loyalty.

**H2:** In experience services, RQ has positive influence on loyalty.

Creating long-term relationships with customers is the key to the survival and growth of service operations (Duffy, 1998). Therefore, firms should get the benefits from a better understanding of what makes customer loyal to one service provider (Sierra and McQuitty, 2005). In line with that, firms try to build a good relationship with the customers because they believe that, at the end, good relationship will lead to customer loyalty.

## **The Dimensions of Relationship Quality**

The dimensions of RQ vary according to the study setting. Lang and Colgate (2003) found that RQ is determined by commitment (Dwyer, Schurr and Oh, 1987; Morgan and Hunt, 1994; Dorsch, Swanson and Kelly, 1998), trust (Crosby *et. al.*, 1990; Berry, 1995; Comer, Mehta and Holmes, 1998), satisfaction (Ganesan, 1994; Comer *et. al.*, 1998; Rosen and Surprenant, 1998), social bonding (Adelman and Ahuvia, 1995; Smith, 1998), and conflict (Morgan and Hunt, 1994; Han, 1997). However, Keating, Rugimbana and Quazi, (2003) on on-line retail, used seven dimensions for RQ; namely trust, value, effort, communication, cooperation, liking and understanding. They found that among these variables, “trust” is the best predictor for on-line retail. Roberts *et. al.*, (2003) found five determinants of RQ, which are trust in partner’s honesty, trust in partner’s benevolence, affective commitment, satisfaction and affective conflict. Most of the authors agreed that trust, commitment and satisfaction are important in business relationship (Hennig-Thurau, *et al.*, 2002).

Trust is important in any relationship because it can be considered as a foundation of any relationship. Trust is the main component of long-term business as well as personal relationships, and widely studied in the social exchange and also in marketing literature (Morgan and Hunt, 1994; Johnson and Grayson, 2005; Wong and Sohal, 2002; Sharma and Patterson, 1999;

Roberts *et. al.*, 2003; Hennig-Thurau and Klee, 1997). An empirical study by Coulter and Coulter, (2002) found that at the early stage of service relationship, person-related factors have a greater effect on trust as compared to offer-related factors. Trust in relationship is very vulnerable because the outcomes of this relationship are both uncertain and important to the trusting party (Doney and Cannon, 1997; Moorman, Deshpande and Zaltman, 1992). In addition, customer-company relationships require trust, and effective service marketing depends on the management of trust because customers typically must buy a service before experiencing it (Berry and Parasuraman, 1991). Therefore, the importance of trust is higher in developing any relationship, especially for service firms.

Importantly, commitment from both parties is crucial in business relationship, without which the relationship will not sustain, and finally relationship should contribute to the satisfaction of involved parties. Commitment was widely studied in the interaction between the buyer and the seller (Beloucif, Donaldson and Kazani, 2004). Relationship commitment exists when the exchange partner believes that an ongoing relationship with another partner is so important as to warrant maximum effort to maintain it. The committed party believes that the relationships are worth working on to ensure that it endures indefinitely (Morgan and Hunt, 1994). Hennig-Thurau and Klee (1997) stated that commitment as a customer's long-term ongoing orientation toward a relationship grounded on both emotional bond to the relationship (affective aspect) and on the conviction that remaining in the relationship will yield net benefits than terminating it (cognitive aspect). A high level of commitment is achieved if both a relational bond (net benefits) and an affective bond (emotional tie) exist in the relationship. For example, Liang and Wang (2004) found the importance of commitment in relationship (as in Morgan and Hunt, 1994; Garbarino and Johnson, 1999), and the importance of commitment will increase in future when the firms realize the importance of relationship marketing in their daily marketing activities as opposed to marketing mix (Gronroos, 1994). The KMV model by Morgan and Hunt (1994) proposed that relationship commitment has a positive effect on acquaintance and cooperation and negative effect on propensity to leave the relationship.

Customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relational marketing (Gronroos, 1994; Sheth and Parvatiyar, 1995). Satisfaction has been treated as the necessary premise for holding customers (Hennig-Thurau and Klee, 1997). Kotler (1994) stated that the key to customer retention is customer satisfaction. In fact, customer satisfaction has been widely explored in marketing literature, with special concern to its link with customer loyalty toward the firm (Bitner, 1995; Crosby *et. al.*, 1990). Oliver (1997: p. 13) defined "satisfaction as the consumer's fulfillment response. It is a judgment to a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-

related fulfillment, including levels of under- or over-fulfillment". Satisfaction with delivered products or services has been suggested and empirically proven influencing the buyer's decision to continue the relationship (Anderson, *et al.*, 1994; Fornell, 1992). Importantly, satisfaction also has been found to have a significant impact on both trust and continuity of the relationship (Selnes, 1998).

Closeness is a most used variable in understanding relationship in business-to-business (B2B) (Neilson, 1998; Auh, 2005). There are few studies that use closeness as an indicator for high quality relationship in customer markets, but only use it as an indicator of relationship. For instance, Tu, Vonderembse, Ragu-Nathan and Ragu-Nathan (2004) used 'closeness' as a way to keep close to the customer, i.e., closeness is able to enhance the stability and longevity of relationship. Guenzi and Pelloni (2004) provided the empirical evidence on customers and service employee relationship, in which closeness can affect overall customer satisfaction, behavioural loyalty (usage frequency), personal loyalty toward the service employee, loyalty intention. By using this concept and bringing it to customer market is challenging because the aim of 'closeness' or nearness in interpersonal level is about getting close to the customer and trying to understand their needs and wants very well. In many studies, closeness is viewed as an antecedent for one of the proposed RQ dimensions (satisfaction) or loyalty.

The next dimensions are communication and communication quality, Anderson and Narus (1990) defined communication as the formal as well as informal sharing of meaning and timely information between firms. Timely communication (Moorman, *et al.*, 1993) fosters trust by assisting in resolving disputes and aligning perceptions and expectations (Etgar, 1979). Communication is closely interconnected to trust in relationship. On the other hand, communication quality, in marketing and management literature, is defined as the element of the communication transaction, such as its effectiveness, efficiency, appropriateness and conformity (Shelby, 1998). Prashinski and Fan (2007) state that communication quality is one of the most critical aspects of the business relationship (Mohr, Fisher and Nevin, 1996), as receiver's perception of the communication quality has an influence on the receiver's response to the information (O'Reilly, 1982; Maltz, 2000).

Holden and O'Toole (2004) found that closer relationship exhibits more intensive communication. This is supported by Phan, Styles and Patterson (2005) who identified the importance of communication at interpersonal level in international business partnership. Moreover, Beloucif, *et al.* (2004) listed four determinants of communication effectiveness between exchange partner, which include the amount, accuracy, timeliness and relevance of information shared by both parties (see Moorman, Deshpande and Zaltman 1993; Krapfel, Salmond and Spekman, 1991). The findings of their study showed that

communication does influence service quality which significantly influences commitment and satisfaction, and finally leads to quality relationship. Generally, in any relationship, communication plays a significant role to ensure both parties understand each other. This is because communication leads to information sharing or participation from both parties, whereas communication quality relates to the quality of information which includes accuracy, credibility adequacy and completeness of information shared by both parties.

In any kind of relationship, people are involved in relationship because they believe that they will receive something valuable, either in the form of tangible (utility) or intangible (symbolic) or both (mixed) (Bagozzi, 1975). In service, buyers are involved in relationships because they believe that they will get benefits from the relationship. Therefore, the success of a relationship depends on the benefits that customers perceive they will receive. For instance, Gwinner, Gremler and Bitner (1998) found that customers get involved in relationship because of these three benefits: (a) confidence benefits, (b) social benefits, and (c) special treatment benefits. Confidence benefits are the most important, followed by social and special treatment benefits. A study on relationship benefits between customers and service provider in Western cultures by Patterson and Smith (2001) shows consistent results as that of Gwinner, *et al.*, (1998). However, when comparing these benefits between Eastern (Thais) and Western (US) cultures, the results show that, Eastern cultures place high value on special treatment benefits while their US counterpart's value confidence benefits more. It proved that Eastern cultures place a high value in building a long term relationship by knowing that loyalty will be compensated in the form of special favors. So, for the purpose of this study, special care was used as a dimension of RQ. Figure 1 provides the proposed model between RQ dimensions and loyalty in both credence services and experience services. The RQ dimensions consist of closeness, communication, communications quality, special care, commitment, trust and satisfaction.

## **Methodology**

### *Questionnaire and Sample*

The present study attempts to investigate the influence of RQ on loyalty in both credence service and experience services (Zeithaml and Bitner, 1996). The reason for selecting these two services is that both services require customers to experience the services before they can judge them. Customers were used as the unit of analysis for the study since they were the ones who are engaged with the providers of either credence or experience services (Smith, 1998). There are no service products specific to represent credence or experience service, however each type of service will be represented by a group of service products in order to



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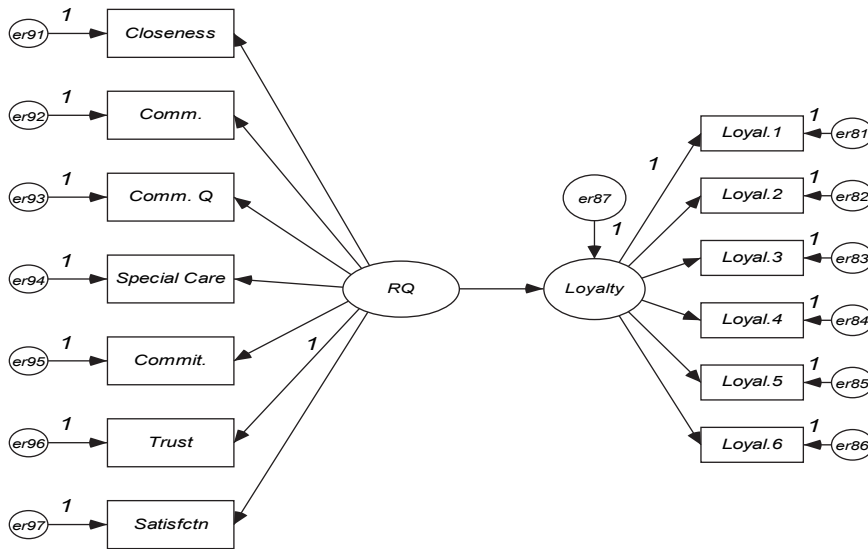


Figure 1 Proposed model

avoid product specific influence in the study. Credence services were represented by three service products; medical/dental services, car repairs and education, whilst experience services were represented by hotel, petrol station, cinema and banking services. The classifications of these service products for each service type were based on Lovelock's (2001) 'nature of the service act' and 'recipient of the services'.

To ensure that the respondents were able to evaluate the service better, respondents must use or subscribe to this service within past one year. To cover both types of services, two set of questionnaires were developed and distributed alternately to get equal number of respondents. The respondents were selected using convenience sampling within designated area of study. In all, 302 usable sets of questionnaires were gathered using personal interview conducted in Putrajaya area. Out of 302, 154 (51%) respondents answered questionnaire on credence services and the other 148 (49%) respondents answering the experience services category.

*Measurements*

The measurements were adapted from previous researchers who focussed most of their studies on relationship in business. For that reason, some modifications were made to fit the measurements for the present study which focus on customer-firm relationship in service sectors rather than business-to-business.

The first dimension is closeness, which measure the interpersonal RQ between customer and service employee, was adapted from Guenzi and Pelloni (2004) and Hennig-Thurau, *et al.* (2002). Communication was adopted from Sharma and Patterson (1999), Nicholson, Compeau, and Sethi (2001), and Hsieh and Hiang (2004), communication quality items were extracted from Holden and O'Toole (2004), and special care was adapted from special treatment benefits suggested by Hennig-Thurau, *et al.*, (2002). Hennig-Thurau and Klee (1997) suggested that RQ at organizational level consists of three components, namely trust, commitment and satisfaction. The final measurement for each of RQ dimensions were adopted from multiple sources such as trust from Roberts, *et al.*, (2003), Shamdasani and Balakrishnan (2000), Verheef, Franses and Hoekstra (2004); commitment from Nielson (1998), Smith (1998), and Hennig-Thurau, *et al.*, (2002) and satisfaction adapted from Johnson and Grayson (2005). Loyalty in this study adopted Ganesh, Arnold and Reynolds (2000) study in which they divide loyalty into passive and active behaviors. The final measurements were summated and analyzed using path analysis and finally multi-group path structural equation modeling to investigate which paths is statistically different between credence and experience services.

## Results

For the findings, there were 131 (43.4%) and 171 (56.6%) participated in the study About 66.0% ( $n=199$ ) of the respondents are single and only 34.1% ( $n=103$ ) are married respondents. Majority of them are Malays (93.7%), 4.0% are Indians and Chinese accounted only 1.7%. These percentages in general reflecting the ethnic diversity in Putrajaya, as data in 2004 showed that Putrajaya consists of 94.8% Malays, 2.7% Indians and 1.8 Chinese (Department of Statistics, 2004; cited by Wikipedia (n.d.), [http://en.wikipedia.org/wiki/Demographics\\_of\\_Malaysia](http://en.wikipedia.org/wiki/Demographics_of_Malaysia), retrieved on 28<sup>th</sup> April 2008). With regard to age of respondents, 46.7% ( $n=141$ ) of them are 25 years or below and 53.3% are above 25 years. When asked about their education level, 35.4% ( $n=107$ ) of them obtained STPM/Matriculation/ Diploma qualification, followed by those with SPM/SPMV 31.5% ( $n=95$ ), and 30.1% ( $n=91$ ) respondents who completed their undergraduate studies.

The reliability for all the variables in the study were above 0.70 (closeness, 0.926; communication, 0.877; communication quality, 0.930; special care, 0.939, trust, 0.924; commitment, 0.942; satisfaction, 0.927; loyalty, 0.921) such that the data were reliable for further analysis Nunnally (1978) . The results for assessing model fit are shown in Table 1. Overall, the chi-square statistic for both credence services and experience services were significant. However, other fit indices of GFI, TLI and CFI were all below the recommended value of 0.90, and RMSEA for both categories were above the cutoff 0.08 because of the small sample size and complexity of the model (Hair, *et al.*, 2006).

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**Table 1** Standardized coefficient for relationship quality dimensions

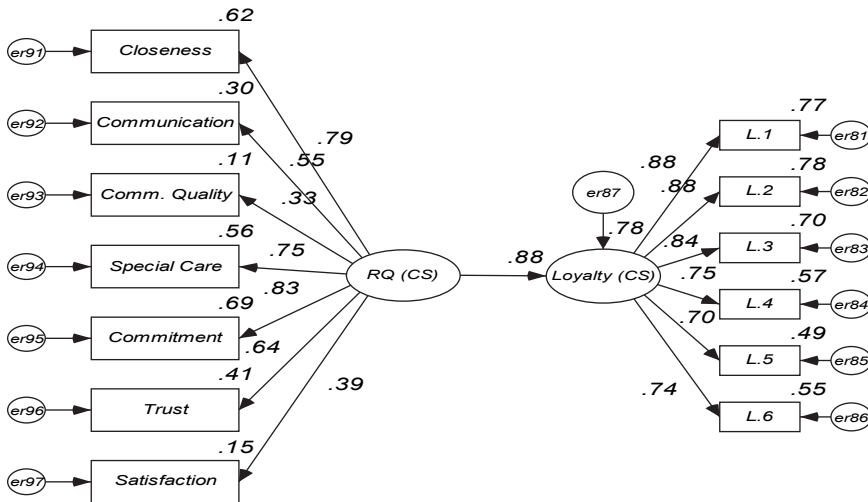
Endogenous	Credence Services		Experience Services	
	Standardized	t-value	Standardized	t-value
Closeness	0.786	11.016	0.825	12.536
Communication	0.550	7.011	0.748	10.737
Communication Quality	0.331	3.994	0.429	5.321
Special Care	0.750	10.969	0.791	11.693
Commitment	0.833	—	0.855	—
Trust	0.642	8.441	0.780	11.437
Satisfaction	0.391	4.775	0.583	7.636

$\chi_{(64)}=435.678$ ;  $p=0.001$ ;  
 $GFI=0.596$ ;  $TLI=0.681$ ;  
 $CFI=0.739$ ;  $RMSEA=0.195$

$\chi_{(64)}=373.238$ ;  $p=0.001$ ;  
 $GFI=0.686$ ;  $TLI=0.773$ ;  
 $CFI=0.814$ ;  $RMSEA=0.181$

With regards to the importance for each dimension, standardized coefficients are useful indicators for manifested dimensions. Figures 2 and 3 compare the findings for credence services and experience services. From all seven dimensions of RQ, commitment appears to be the strongest for both service types, followed by closeness, special care and trust. The weakest, yet still significant is communication quality. These trends occurred in both credence services and experience services.

Table 2 shows the findings for the relationship between RQ and loyalty, which to answer H1 and H2. The results show that RQ has strong positive influence on



**Figure 2** Findings for credence services

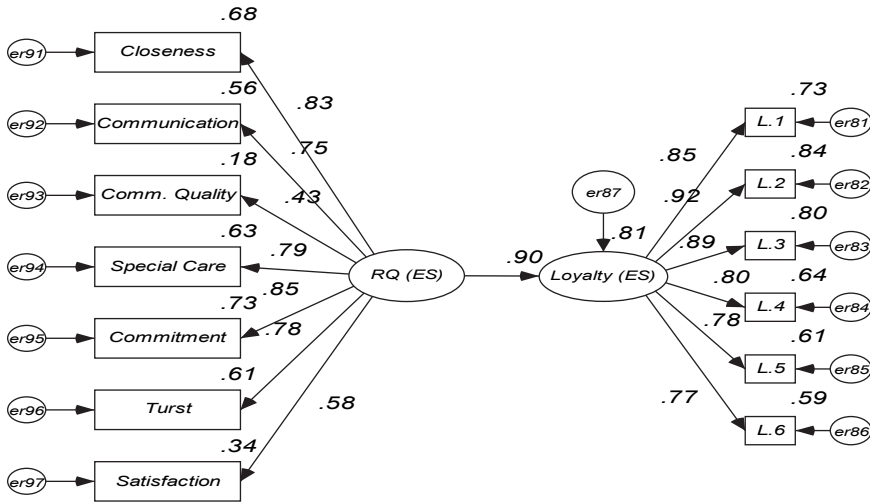


Figure 3 Findings for experience services

Table 2 Results of the proposed model

Causal Path	Hypothesis	Expected Sign	Path Coefficient	t-value	R <sup>2</sup>	Assessment
Relationship Quality <sub>(CS)</sub> → Loyalty	H1	+	0.880	10.969	0.775	Support
Relationship Quality <sub>(ES)</sub> → Loyalty	H2	+	0.898	11.486	0.806	Support

loyalty, with 0.880 and 0.898 for credence services and experience services, respectively. The R<sup>2</sup> also showed high values of 0.775 (credence services) and 0.806 (experience services).

### Discussion and Implications

Although the structural equation analysis is unable to confirm the validity of the proposed model for service sectors, further analysis showed that RQ has influenced on loyalty in service sectors either in credence services or experience services. RQ and loyalty are the two constructs where RQ is predicted to have positive influence on customer’s loyalty (see Roberts, *et al.*, 2003). The findings support this prediction when the coefficient of determination is high for all categories, in which more than 50% of loyalty can be predicted by RQ. Therefore,

the service providers should focus on developing good RQ if they intend to develop long-term relationship with their customers.

For each dimension of RQ, it appeared that every dimension has different degree of intensity in influencing RQ. Commitment is the most important dimension of RQ. To develop a good RQ, service providers should commit to RQ activities as well as to their customers. If only one party tries to develop it without cooperation from the other party, good RQ will not occur. However, commitment, which requires cooperation of both parties is crucial to maintain good RQ (Spake, Beatty and Yoo, 1998). Commitment can be in the form of care about relationship and firm commitment to maintain it.

The second important dimension is closeness. The customer tries to build close relationship with the service employee to ensure the success of this relationship and continuity of service rendered. As Guenzi and Pelloni (2004) cited that close relationship between customer and service employee brings mutual knowledge, interpersonal trust, affective involvement, and are maintained to achieve expressive goals (Clark and Mills, 1979; McCall, 1970; Rawlins, 1992). Close relationship between customer and service employee will reduce the risk of switching behavior (Guanzi and Pelloni, 2004) and enhance service stability and longevity (Neilson, 1998) and results in binding relationship (Pfeffer and Salancik, 1978). Closeness can be achieved by hiring the right service employee who has a tendency to build good relationship with potential customers through good rapport and friendship.

In addition to closeness, another important interpersonal dimension of RQ is special care. Special care is shown by service employees who are able to enhance RQ that lead to loyalty. Service employee needs to show that they care about their customers especially their loyal customers and provide high quality services. These friendly and special treatments of loyal customer contribute to good RQ. As mentioned in literature, Asian customers engaged in relationship because they want benefits from it, in terms of priority list, special discount or better prices.

Trust, even though not in the highest position but contributes to RQ. Spake, Beatty and Yoo (1998) study also found that trust is ranked third after cooperation and functional benefits for Eastern consumers. This explains why trust comes after commitment which quite similar to cooperation. In relationship, other than commitment to maintain it, trust the service provider will enhance the relationship.

Communication is required in services as it enhances a long-term relationship between the customer and service provider (Meng and Elliot, 2008) via their employees. The ability of service employee to communicate contributes to good RQ. Communication should be arranged in a whole process, i.e., before, during and after service delivery (Gronroos, 2004). For example, before a medical treatment, a phone call can be made to remind the customer about the appointment date, during service delivery constant communication on what is

going on and explaining the process will be helpful to the customer and finally, after service, a follow-up call will delight the customers.

Satisfaction is customer's evaluation of their relationship experience with the service provider. It determines whether customer will stay or not with the service provider that they usually consumed. Moreover, most service firms hope that satisfied customers will remain loyal to their firm and give positive feedback about services they received (Machintosh, 2007) or encourage other people to try the services offered by the firms (Bowen and Shoemaker, 1998). The findings showed that for both service types, customers' satisfaction plays a significant role on customers' loyalty.

The weakest dimension is communication quality. This indicates that even though communication quality is significant but it still needs improvement in terms of credibility, accuracy, adequacy and completeness of the information carried by the service provider. If customers feel that this is not fulfilled, it will reduce the ability of RQ to influence loyalty.

### **Limitations and Further Research**

One limitation in this study is that of the sampling method. A convenience sampling was utilized and the respondents were limited to the residents of Putrajaya area, and therefore generalizing to all service sectors should be done with care. A second limitation is related to the scope of the study, which covers credence services and experience services; the third category of services, which is search services, was not included. A final limitation is related to the dimensions of RQ, where in this study, each dimension was not correlated to one another, therefore the inter-correlation among dimensions are unknown.

A further study should consider all limitations mentioned above. As for the methodology issues, the use of probability sampling and conducted in few different locations can improve the generalization of the study findings. Next, the future researcher should include search services in addition to credence services and experience services to see the consistency of RQ in all categories of services. By including this category, the study might give a very clear picture on the issue under investigation. Last is related to the interactions among RQ dimensions. By utilizing structural equation modeling, the researcher is able to identify which dimensions are highly correlated to each other and further investigation can be done to know those correlations and even to understand the scenario.

### **CONCLUSION**

This study shows that RQ has strong influence on customer loyalty in both credence and experience services. In addition, all seven dimensions of RQ were found to be significant in contributing to RQ. Among all dimensions,

commitment given by both parties was the most important dimension followed by two interpersonal dimensions (i.e., which are closeness and special care), then followed by trust, communication, and satisfaction. The weakest dimension is communication quality.

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