Original Article

Determinants of loyalty and recommendation: The role of perceived service quality, emotional satisfaction and image

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ABSTRACT **This study develops and tests a model for the determinants of loyalty and recommendation. The model considers three drivers – perceived service quality, emotional satisfaction and image – that are positively related to each other and positively influence loyalty and recommendation. The model is tested using data from a survey of 222 Tunisian bank service customers. The hypotheses, which were tested using structural equation modelling, are all supported. The results confirm that perceived service quality, emotional satisfaction and image are key drivers of loyalty and recommendation. The research emphasizes the role of emotional satisfaction and image as mediating variables between perceived service quality and loyalty/recommendation. The study also shows that a better understanding of the determinants of behavioural intentions in the banking industry occurs when affective dimensions are considered along with cognitive ones.**
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INTRODUCTION

During the past two decades, the banking industry has undergone radical changes, resulting in an environment characterized

today by intense competition, globalization, heightened consumer mobility and demand, and deregulation.[1,3] But as most banks offer similar financial products and services,[3,4] they are revising their strategies from a product to a consumer orientation[5] to cope with the intense competition. Bank managers realize that the challenge is not only to attract new customers but to retain and enhance relationships with existing ones.[6] Achieving high levels of loyalty and recommendation (favourable word-of-mouth) can lead to larger market share, lower marketing and operational costs, and higher profitability. Worcester[7] notes that:

> … an individual's relationship with a company progresses through the following stages: Suspect, Prospect, Customer, Loyalist and, ideally, finally to Advocate. The latter minimizes the marketing costs by their activity, and word of mouth advocacy is not only the cheapest method but often the most cost effective and the most persuasive. (p. 150)

Banking leaders must understand the key determinants of customer loyalty and recommendation. But despite research on the determinants of behavioural intentions in the service setting, and particularly in the banking sector, our literature review shows two major limitations. First, the existing studies focus on only the cognitive determinants of behavioural intentions even though researchers in consumer behaviour and service literature argue that cognitive models have limited ability to account for post-purchase behaviour.[8–13] Indeed, despite increased interest in the affective content of the service experience, empirical studies on the relationships between emotions and behavioural intentions are still scarce.[10,12,14] Knowing the role and impacts of emotions during service experiences may give service providers tips on better managing their customers as well as the quality of their offerings.[10,14] Second, several studies of the banking industry consider the determinants of loyalty but pay little attention to the determinants of recommendation/positive word-of-mouth (WOM).[2,4,15–17] WOM shapes expectations[18] and perceptions of service quality.[19] In addition, because service quality is hard to assess in advance of the purchase and use, WOM is considered as a powerful and persuasive factor in the service consumption process.[20] Third, studies on WOM mainly focus on products rather than services.[20,21] As the latter are intangibles, inseparables, heterogeneous, and have higher credence attributes than goods,[18,21] the role of recommendation is likely to be considerable in the marketing of services.

This research is designed to fill these gaps by investigating the determinants of bank loyalty and recommendation and, second, examining how consumer emotions affect the attitudes and behaviour of bank service users. More specifically, this study proposes and empirically investigates an integrative model of the relationships among perceived service quality, emotional satisfaction, image, loyalty and recommendation.

The next section of the article presents the conceptual model and discusses the hypothesized relationships among its constructs. Then, the methodology is described and the results of the empirical study are reported. The article concludes with the theoretical and managerial implications of the study findings.

LITERATURE REVIEW

Figure 1 shows the conceptual model proposed in this study, which suggests three determinants of loyalty and recommendations: perceived service quality, emotional satisfaction and image. These constructs are positively related to each other and positively influence loyalty and recommendation.

Loyalty and recommendation

Loyalty, defined as a deeply held commitment, is considered a critical determinant of firm profitability. Reichheld
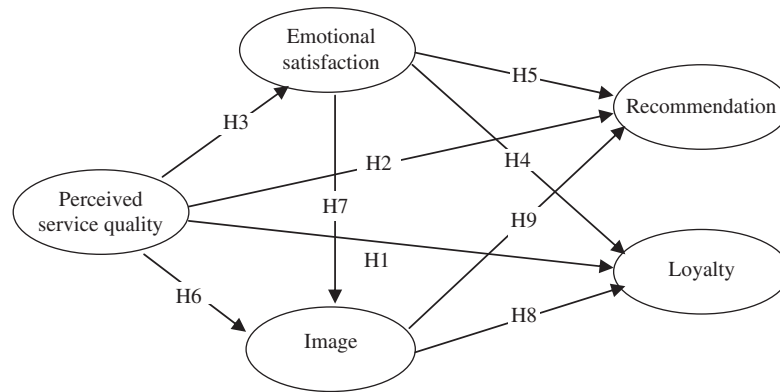
Figure 1: Conceptual model.

and Sasser[22] claim that a 5 per cent increase in customer retention can enhance profitability by 25–85 per cent, depending on the industry. Profitability results from growth in revenue and market share (for example, referrals and repeat purchases), lower costs of acquiring and serving new customers, and increased productivity.[23]

Reichheld and Sasser[22] argue that the prime objective of retention strategy should be zero defection of profitable clients, a challenging task for marketers in service industries. Indeed, understanding consumer loyalty in a service industry context seems to be more difficult than for a product industry. Services are intangible and may vary according to the 'mood' of the service contact employee and service customer at the moment of delivery. As service industries deal in relatively intangible transactions, consumer evaluation is likely to be less clear and appraisal of the value received tends to be subjective.[24]

In the marketing literature, behavioural (for example, amount and frequency of purchases) and attitudinal (preferences, attitudes and disposition towards brands) approaches[16] dominate the concept of customer loyalty. Dick and Basu[25] identify four types of loyalty, which all depend upon the interaction between relative attitude (low/high) and repeat patronage (low/high): no loyalty, latent loyalty, spurious loyalty,

and loyalty. No loyalty is characterized by low relative attitude and low repeat patronage. Latent loyalty is marked by high relative attitude but low repeat patronage. Spurious loyalty, similar to the concept of inertia, is characterized by non-attitudinal influences on behaviour, especially a high repeat patronage accompanied by low relative attitude. Finally, loyalty features both high levels of relative attitude and patronage intentions. Loyalty brings a high level of customer preference, customer advocacy and recommendation, low likelihood of switching and low price sensitivity.[16] Loyalty is therefore the ultimate objective in a firm's customer relationship programme. Once a firm achieves commitment, it can count on its loyal customers, in part, to promote its business. In other words, loyal customers are expected to contribute in promoting the firm's products or services.

Communicating high service quality can be achieved through the advertising strategy of the company or by having the firm's customers advocate the services through positive WOM.[26–28] In the service context, WOM refers to informal communications among consumers about service characteristics and consumption experiences. The WOM communication process is a dominant force in the marketplace and tends to be extremely effective and persuasive.[21] Sivadas and Baker-Prewitt[29] report that

recommendation of a department store is highly related to repurchase from that store. In addition, they suggest that a consumer recommending a service provider to others strengthens their own favourable attitude towards that service provider. Sweeney *et al*[19] report that several factors can enhance the influence of favourable/unfavourable WOM, including the characteristics of the sender and the receiver and their interrelationship, the context in which interpersonal and non–interpersonal factors interact, the message characteristics (for example, the strength of advocacy, richness and vividness of the message), and the nature of the service. For instance, WOM is more effective for highly involving and complex services.

The drivers of loyalty and recommendation

Perceived service quality

Perceived service quality is the result of consumer judgement about a service provider's overall excellence or superiority.[30] It results from comparing the perceived quality of service received with expectations.[18,20] Grönroos[20] categorize service quality as a combination of technical quality (the outcome of the service performance) and functional quality (the manner in which the service is delivered). In defining the perception of service quality, Parasuraman *et al*[30] call it a function of the appearance of physical facilities, equipment and personnel (the 'tangible' dimension); the ability to perform the promised service dependably and accurately (the 'reliability' dimension); the willingness to help customers and provide prompt service (the 'responsiveness' dimension); the knowledge and courtesy of employees and their ability to inspire trust and confidence (the 'assurance' dimension); and the level of caring and individualized attention the firm provides to its customers (the 'empathy' dimension). In the specific

context of retail banking, numerous dimensions of perceived service quality have been identified.[31,32] For instance, Aldlaigan and Buttle[32] propose four dimensions of service quality: 'service system quality' (for example, listening to customers, speed of response, ease of access and availability, and organizational appearance), 'behavioral service quality' (how the service is performed by bank employees), 'machine service quality' (for example, performance and reliability of machines), and 'service transactional accuracy' (accuracy of transactions in employee and system output). It should be noted that this study focuses on functional service quality using the SERVQUAL model.

The literature on service marketing indicates that perceived service quality is a key driver of loyalty and recommendation. For instance, Ehigie[33] and Ruyter and Wetzels[34] report that perceived service quality has a significant direct effect on loyalty. Boulding *et al*[35] report positive relationships between perceived service quality and willingness to recommend and repurchase intentions. The same result is reported in the Reidenbach and Sandifer-Smallwood study.[36] They find that (i) the outpatient's decision to recommend the hospital's services to others is influenced by patient confidence and treatment quality; (ii) the inpatient's willingness to recommend the hospital's services is based on patient confidence and business competence; and (iii) the emergency room patient's recommendation depends on treatment quality. Although some studies find only an indirect effect of perceived service quality on behavioural intentions, such as loyalty and WOM, through satisfaction[4,15,16,] and perceived values,[4] other studies report both direct and indirect effects of perceived service quality on behavioural intentions, such as loyalty[2,10,37,38] and recommendation.[10,29,37,38]

This research proposes, therefore, that the perceived quality of bank services has direct and indirect effects on recommendation and

loyalty. The indirect effects are discussed in the next sections.

Hypothesis 1 (H1): The perceived quality of bank services is positively associated with consumer loyalty.

Hypothesis 2 (H2): The perceived quality of bank services is positively associated with recommendation of consumers.

Emotional satisfaction

The role of emotions is gaining attention in the literature of service quality management.[8,10,12,14,39–41] Edvardsson[14] states that knowing the determinants and consequences of emotional reactions elicited during service experiences helps providers manage service quality better. However, only a few studies integrate emotional reactions in their models of service experience evaluations and behavioural intentions. Most of this research uses hedonic services as study contexts: hotel service experiences,[10,39] interactive museums and theme parks,[8] and festival experiences.[40] For instance, in the context of first-class hotels, Mattila and Enz[39] find that customers' expressed emotions (in terms of smiling, eye contact and thanking behaviour) during the service interaction are positively and significantly correlated with their evaluation of the service encounter and the overall assessment of the firm. Using the critical incident technique, van Dolen et al[41] report that emotional responses to service encounter impact on service evaluations. Specifically, they find that positive emotions such as pleasure, contentment and positive surprise have positive effects on satisfaction, whereas negative emotions such as disappointment and irritation contribute negatively to satisfaction. Irritation has the most significant negative impact on satisfaction. In the bank service context, Pugh[42] argues that emotions displayed by employees are positively related to customers' affect and their evaluation of the service encounter.

Oliver[43] (p. 319) suggests that emotion during consumption 'coexists alongside various cognitive judgments in producing satisfaction'. Indeed, in several studies, satisfaction is associated with joy.[44–46] Nyer[44] reports that satisfaction and joy load on the same factor. Bagozzi et al[47] argue that whether satisfaction/dissatisfaction is distinct from other positive/negative emotions is not apparent. Other authors[48,49] contend that satisfaction with a service experience is both a cognitive (evaluative) and an emotion-based response.

A few studies examine the direct impact of perceived service quality on emotional responses to service experience. For instance, in the context of retail shopping, Wong[12] reports that the provision of higher perceived service quality is positively associated to emotional satisfaction. Similarly, Ladhari[10] finds a positive influence of hotel-perceived service quality on consumer emotional satisfaction. Studying the dining experience, Ladhari et al[49] report that perceived service quality contributes positively to positive emotions and negatively to negative emotions. This relationship, however, was not verified in the banking industry, a highly utilitarian service context. Therefore, this research proposes that perceived service quality has a positive effect on emotional responses to bank service experiences.

Hypothesis 3 (H3): The perceived quality of bank services is positively associated with consumer emotional satisfaction.

Bagozzi et al[47] argue that emotions can play the role of markers, mediators and moderators of consumer responses and behaviours. Researchers recognize the critical role of emotions in service encounters and in overall evaluation of service experience in the last 15 years.[8,10,12,13,40,48,50] Barsky and Nash[50] argue that consumer feelings about a service affect not only their willingness to pay more, but also their loyalty. In the case of hedonic services (for example, interactive

museum and theme park services), Bigné *et al*[8] report that feelings of pleasure are positively associated with loyalty, as measured by factors such as positive WOM and intention to return. Lee *et al*[40] report that emotions mediate the impact of festival environment on patron loyalty. In a study on educational services, Yu and Dean[13] find that positive and negative emotions are good predictors of positive WOM. In particular, they find that, compared to the cognitive component of satisfaction, the (positive) emotional component is a better predictor of positive WOM. This implies that emotional satisfaction influences loyalty and recommendation.

Hypothesis 4 (H4): Consumer emotional satisfaction is positively associated with loyalty.

Hypothesis 5 (H5): Consumer emotional satisfaction is positively associated with recommendation.

Bank image

Worcester[7] (p. 147) defines corporate image as the 'net result of the interaction of all experiences, impressions, beliefs, feelings and knowledge people have about a company'. It is also described as the overall impression the public has about a firm.[51,52] Previous studies indicate that in highly competitive contexts, even satisfied consumers may defect and switch to a competitor that offers more satisfying alternatives.[1] Therefore, image becomes an important tool for banks in reinforcing position, retaining customers and maximizing profitability.[1,2] Only a few studies investigate the role of image in the service industry. Confirming this view, Nguyen and LeBlanc[53] (p. 55) state that:

> The marketing literature reveals that research on the concept of corporate image has been undertaken mostly on goods–producing firms and on retail

stores, and that little work has been reported to date on customers' image assessments in services.

The literature reflects a debate on the relationship between corporate image and perceived quality of products/services. Some researchers consider image an antecedent to perceived quality, whereas others take the opposite view. For instance, it has been argued that corporate image significantly affects perceived quality and precedes consumer evaluations, rather than the evaluations being components of image.[2,54,55] Previous studies demonstrate that image has an impact on consumer satisfaction via perceived quality.[2,55] Other researchers consider perceived service quality a determinant of corporate image. For instance, Grönroos[20] argues that both technical quality (that is, what the customer receives from the service experience) and functional quality (that is, the manner in which the service is delivered) contribute to building the corporate image. This conceptualization is supported by Kang and James's[56] empirical study of the cell phone industry in South Korea. Similarly, Nguyen and LeBlanc[17] consider image a cumulative construct that evolves each time the customer experiences the service.

We argue that image may determine consumer-perceived quality if the consumers have no previous experience with the service or the product. But we believe perceived quality of service determines image if consumers have some experience with the firm's products or services. As bank image is not static and can be influenced by different service encounters, this study postulates a direct effect of perceived service quality on image.

Hypothesis 6 (H6): The perceived quality of bank services is positively associated with bank image.

In the same way, it is logical to assume that feelings about different service encounters

contribute to the overall impression customers may have about a service provider. For example, emotions experienced during different service encounters, such as joy (elicited by prompt service from bank employees) or frustration (elicited by impolite employees), could contribute to an overall impression about the bank services provider.

Hypothesis 7 (H7): Consumer emotional satisfaction is positively associated with bank image.

Many researchers argue that a good image helps to develop and maintain relationships with customers, and ultimately increases market share and sales.[57] Kassim and Souiden[55] stipulate that image is an important determinant of loyalty in banking services. Nguyen and LeBlanc[17] argue that consumer loyalty is significantly and strongly associated with corporate image and reputation. In a study on the banking industry in South Thailand, Eakuru and Nik Mat[58] find that image has a significant impact on loyalty. Lewis and Soureli[16] report the same result in a study of Greek banks. This study proposes that the effect of image can be extended to consumer recommendation of a bank, in addition to its effect on loyalty.

Hypothesis 8 (H8): Bank image is positively associated with consumer loyalty.

Hypothesis 9 (H9): Bank image is positively associated with consumer recommendation.

METHOD

Sample

Data were collected in 2009 using a convenience sample of 229 bank customers in Tunisia. Using the mall-intercept method, potential respondents were asked to complete a self-administered questionnaire. Of the 229 completed 7 questionnaires were eliminated due to incomplete data, leaving 222

questionnaires for analysis. The majority of respondents were male (57.3 per cent). In terms of revenue, 16.9 per cent of respondents had an annual income of less than TND 6000 (approximately USD 4500); 33.3 per cent had an annual income between TND 6000 and TND 8999; 42.6 per cent between TND 9000 and TND 17 999; and 7.2 per cent had an annual income of TND 18 000 and above. In terms of education, 65.9 per cent of respondents had a university degree. Statistical information provided by Euromonitor International shows that, in terms of education and revenue, the sample is skewed to the right (that is, individuals with higher education level and higher revenue than the average). This might be explained by two main reasons: (i) as the questionnaire was administered in French (widely taught in schools), only educated people (high school and above) were able to participate in the survey; and (ii) because incomes in Tunisia are highly correlated to the education level and as 65.9 per cent of participants had a university degree, the reported annual incomes were higher than the average of the population.

Measurement

Perceived service quality was measured using the SERVQUAL model, which is widely applied in the banking sector.[32] Considering the critics associated with the use of the gap scores,[31,59] the current research uses perception-only scores (SERVPERF scale).[59] The SERVPERF scale includes 22 items representing five dimensions: tangibles, measured by four items (for example, 'XYZ bank employees are neat-appearing'); reliability, measured by five items (for example, 'XYZ bank provides its services when it promises to do so'); assurance, measured by four items (for example, 'The behaviour of employees of XYZ bank instils confidence in customers'); responsiveness, measured by four items (for example, 'employees of XYZ bank tell you exactly when services will be performed'); and

empathy, measured by five items (for example, 'XYZ bank has employees who give you personal attention'). Respondents were asked to rate each of the 22 items on a 7-point Likert-type scale, from 'strongly disagree' (1) to 'strongly agree' (7). In this study, perceived service quality does not refer to a specific service encounter, but is an aggregation of all previous transaction-specific judgements.

Following Ladhari,[10] emotional satisfaction was measured using three items (joyfulness, pleasantness and happiness) and respondents indicated their feelings on a 7-point Likert scale (1 = 'not at all joyful/pleasant/happy' and 7 = 'joyful/pleasant/happy').

Image was measured using three items adapted from Nguyen and LeBlanc.[17] These include: 'I have always had a good impression of XYZ bank', 'XYZ bank has a good image in the minds of consumers', 'XYZ bank has a better image than its competitors'. A 7-point Likert-type scale (1 = 'strongly disagree'; 7 = 'strongly agree') was used for the three items.

Recommendation was measured by one item: 'I will certainly recommend XYZ bank to friends and acquaintances'. Loyalty was measured by one item: 'XYZ bank is always my first choice'. A 7-point Likert-type scale, ranging from 1 = 'strongly disagree' to 7 = 'strongly agree', was used for the two items.

RESULTS

Descriptive statistics

Table 1 shows means, standard deviation, minimum and maximum values for all measures. For perceived service quality, means varied from 3.91 ('XYZ bank has employees who give you personal attention') to 5.45 ('XYZ bank has operating hours convenient to all its customers'). Mean scores on 19 of the 22 SERVPERF items are higher than 4, the neutral point. Thus, globally, participants are satisfied with the quality of services they received from Tunisian banks. The remaining three items

of SERVQUAL, which are all related to empathy dimensions (items 18, 20 and 22), have mean scores slightly lower than 4. With respect to the items measuring bank image, their mean scores are greater than 4, indicating that Tunisian participants have a good overall impression about their bank service providers.

Reliability analysis

Cronbach's α coefficients were calculated for each of the multi-item measures, including: 'tangibles' (0.840), 'reliability' (0.887), 'responsiveness' (0.836), 'assurance' (0.871), 'empathy' (0.818), 'image' (0.884) and 'emotional satisfaction' (0.954). These values are all greater than the recommended level of 0.70, indicating the measures are reliable.

Model fit

Examination of the model fit was conducted using EQS 6.1. The overall evaluation of the model fit was based on multiple indicators: the Bentler–Bonett normed fit index (NFI), the Bentler–Bonett non-normed fit index (NNFI), the comparative fit index (CFI), the Bollen incremental fit index (IFI), the root mean square error of approximation (RMSEA) and the standardized root mean square residual (SRMR). Values of 0.90 or greater for NFI, NNFI, CFI and IFI suggest an acceptable fit between the model and the data. In addition, values below 0.08 for RMSEA and SRMR indicate an acceptable fit.

Table 2 reports the results, which show that the chi-square statistic has a value of 42.018 with 19 degrees of freedom and a *P*-value of 0.002. The NFI, NNFI, CFI and IFI values are 0.974, 0.973, 0.986 and 0.986, respectively. The RMSEA and the SRMR values are 0.081 and 0.028, respectively. These values are satisfactory and suggest an adequate fit of the model. It is worth noting that the correlation between the two term errors associated with the dimensions of 'reliability' and 'responsiveness' and the one between the two term errors

Table 1: Descriptive statistics

Constructs and items	Mean	SD	Min	Max
Service quality (22 items)				
1. XYZ bank has modern-looking equipment	4.78	1.788	1	7
2. XYZ bank's physical facilities are visually appealing	4.72	1.705	1	7
3. XYZ bank's employees are neat-appearing	5.13	1.593	1	7
4. Materials associated with the service (such as pamphlets or statements) are visually appealing at XYZ bank	4.50	1.760	1	7
5. When XYZ bank promises to do something by a certain time, it does so.	4.86	1.717	1	7
6. When you have a problem, XYZ bank shows a sincere interest in solving it	4.82	1.714	1	7
7. XYZ bank performs the service right the first time	4.33	1.787	1	7
8. XYZ bank provides its services at the time it promises to do so	4.89	1.641	1	7
9. XYZ bank insists on error-free records	4.66	1.779	1	7
10. Employees of XYZ bank tell you exactly when services will be performed	4.84	1.761	1	7
11. Employees of XYZ bank give you prompt service	4.46	1.875	1	7
12. Employees of XYZ bank are always willing to help you	4.82	1.632	1	7
13. Employees of XYZ bank are never too busy to respond to your requests	4.10	1.768	1	7
14. The behaviour of employees of XYZ bank instils confidence in customers	4.78	1.952	1	7
15. You feel safe in your transactions with XYZ bank	4.90	1.942	1	7
16. Employees of XYZ bank are consistently courteous with you	4.82	1.523	1	7
17. Employees of XYZ bank have the knowledge to answer your questions	5.06	1.746	1	7
18. XYZ bank gives you individual attention	3.99	1.898	1	7
19. XYZ bank has operating hours convenient to all its customers	5.45	1.705	1	7
20. XYZ bank has employees who give you personal attention	3.91	1.847	1	7
21. XYZ bank has your best interests at heart	4.24	1.770	1	7
22. Employees of XYZ bank understand your specific needs	3.95	1.851	1	7
Emotional satisfaction				
Not at all happy/Happy	4.41	1.519	1	7
Not at all pleasant/Pleasant	4.34	1.613	1	7
Not at all joyful/Joyful	4.24	1.570	1	7
Image				
I have always had a good impression of XYZ bank	4.37	1.662	1	7
XYZ bank has a good image in the minds of consumers	4.93	1.559	1	7
XYZ bank has a better image than its competitors	4.86	1.589	1	7
Recommendation				
I will certainly recommend XYZ bank to friends and acquaintances	3.98	1.960	1	7
Loyalty				
XYZ bank is always my first choice	4.00	1.973	1	7

Table 2: Model fit indicators

Indicators	Values
Chi-square statistic (χ^2)	42.018 (df=19, P=0.002)
Bentler–Bonett normed fit index (NFI)	0.974
Bentler–Bonett non-normed fit index (NNFI)	0.973
Comparative fit index (CFI)	0.986
Bollen incremental fit index (IFI)	0.986
Root mean square error of approximation (RMSEA)	0.081
Standardized root mean square residual (RSMR)	0.028

associated with the dimensions of 'assurance' and 'empathy' are added as a result of the LM test. These two correlations were found to be significant.

Hypothesis evaluation

The results of the path analysis (see Figure 2) show that, first, perceived service quality is positively and significantly related to 'tangibles' ($st.\beta = 0.589$, $t = 8.710$); 'reliability' ($st.\beta = 0.833$, $t = 14.447$); 'responsiveness'
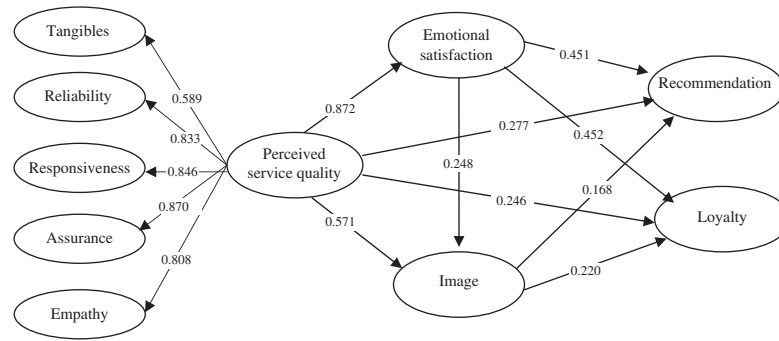
Figure 2: Model's path coefficients (standardized estimate).

($st.\beta = 0.846$, $t = 14.867$); 'assurance' ($st.\beta = 0.870$, $t = 15.678$); and 'empathy' ($st.\beta = 0.808$, $t = 13.774$).

Second, perceived service quality has a positive and significant impact on 'loyalty' ($st.\beta = 0.246$, $t = 2.255$) and 'recommendation' ($st.\beta = 0.277$, $t = 2.400$), supporting hypotheses H1 and H2. In addition, perceived service quality positively influences 'emotional satisfaction' ($st.\beta = 0.872$, $t = 11.630$) and 'image' ($st.\beta = 0.571$, $t = 4.800$), supporting hypotheses H3 and H6.

Third, emotional satisfaction is positively and significantly related to 'loyalty' ($st.\beta = 0.452$, $t = 4.969$), 'recommendation' ($st.\beta = 0.451$, $t = 4.697$) and 'image' ($st.\beta = 0.248$, $t = 2.109$), supporting hypotheses H4, H5 and H7.

Finally, the results show that image has a positive and significant influence on both 'loyalty' ($st.\beta = 0.220$, $t = 3.321$) and 'recommendation' ($st.\beta = 0.168$, $t = 2.400$), supporting hypotheses H8 and H9.

CONCLUSION AND DISCUSSION

This study develops and empirically tests a conceptual model of the determinants of loyalty and recommendation, considering three antecedents: perceived service quality, emotional satisfaction and image. The results show that (i) perceived service quality is positively associated with emotional satisfaction, image, loyalty and recommendation; (ii) emotional satisfaction

is positively associated with image, recommendation and loyalty; and (iii) image is positively associated with loyalty and recommendation. This research provides valuable insights into the role of emotions in service experience evaluation and behavioural intentions.

Service quality researchers have paid scant attention to the role of emotions in studying service quality experience. Although emotion is considered to play an important role in the service encounter, few studies have empirically examined customer emotions in the service context.[10,39] The most important theoretical contribution of this study is examining the role of emotional satisfaction in predicting loyalty and recommendation in a utilitarian service context. Previous research on bank service quality uses cognitive models, but these are limited in their ability to account for post–purchase judgement and subsequent behaviours.[8–10,47,60] Considering affective as well as cognitive dimensions in the same model provides a better explanation of consumer post-purchase behaviour in the service industry. Previous studies confirm the role of emotions in hedonic service consumption, such as interactive museum visits,[8] festival experience[40] and hotel service experience.[10,39] The current study further supports the need to consider emotions in modelling the determinants of loyalty and recommendation in the case of utilitarian services (that is, bank services). This is also in line with Hirschman and Holbrook's[61] view

on the importance of integrating emotions when studying consumer attitude and behaviour. Furthermore, this study supports the role of emotions as a mediator between perceived service quality and behavioural intentions.[10] Finally, the results support Bagozzi's[62] framework suggesting that appraisal (that is, perceived service quality or service evaluation) engenders emotional responses, which, in turn, leads to behaviour (or behavioural intentions).

Previous studies show that perceived service quality has only an indirect positive impact on subsequent behaviours such as loyalty and positive WOM.[15] However, this study shows that, in addition to its indirect effect, perceived service quality has a direct and significant impact on loyalty and recommendation. Future research should consider these direct and indirect effects in modelling behavioural intentions such as loyalty, positive or negative WOM, complaining behaviour, retaliation and revenge behaviour. We encourage researchers to use a scenario approach to collect data to achieve this goal, a methodology used in previous studies in service settings.[63] Several realistic positive and negative scenarios could be developed to engender favourable and unfavourable service experiences, stimulate a set of positive and negative emotions, and provoke favourable and unfavourable behavioural intentions.

This study demonstrates that perceived service quality and emotional satisfaction are important predictors of service provider image as together they explain 63 per cent of the variation of the image scores. To the best knowledge of the authors, this is the first study that introduces emotions as an antecedent of image. More studies in different service industries are needed to further validate the role of emotions as a predictor of corporate image. This implies that the effect of emotions can extend to product/services image and, therefore, the impact of the former on the latter should be investigated.

Moreover, it should be interesting to explore specific emotions often associated with bank image, customer loyalty, recommendation and other behavioural intentions such as complaining and switching. This study uses general dimensions of emotions (positive/negative emotional satisfaction) and retains only three emotions. However, several more elaborate measures of emotions appear in the marketing literature. For example, researchers can use, and adapt to the service experience situation, the hierarchical consumer emotions model developed by Laros and Steenkamp[64] This model includes four basic positive emotions and four other basic negative emotions. Each of these consists of several specific-discrete emotions. For example, anger, a basic negative emotion, consists of six specific emotions: frustration, irritation, anger, hostility, discontentment and unfulfilment. Researchers can apply the set of emotions developed by Richins,[65] which include seven positive emotion categories, eight negative emotion categories and two other categories. These are mostly experienced in consumption situations. Research could examine which specific positive/negative emotions are most often associated with each of the favourable/unfavourable behavioural intentions.

It should be noted that the model proposed in this study is not exhaustive. Several other factors/variables could be added as determinants of loyalty and recommendation. Among these variables, trust and perceived value, which are largely examined in the literature on service quality, are good candidates. Indeed, the literature reports strong relationships between trust and WOM and between perceived value and WOM. Future studies may extend this study's model by including trust and perceived value as (i) direct antecedents of WOM and Loyalty or (ii) as mediators of the effects of perceived service quality and emotional satisfaction on WOM and Loyalty.

Finally, future studies may explore the personal characteristics that influence the generation of WOM communication in service contexts.[19] The relation between message content (rational/cognitive and emotional/affective reactions of the sender to the pleasant or unpleasant service experience/encounter) and receiver attitude and behaviour might prove interesting to explore further.

MANAGERIAL IMPLICATIONS

This research has managerial implications, particularly for retail banking services. First, as consumers' perceived service quality directly and indirectly (via image and emotions) influences loyalty and recommendation, marketers should design marketing programmes geared towards continually improving customer services. Bank service quality can be tracked using the five SERVQUAL dimensions.

Second, perceived service quality and image are not the only determinants of consumer loyalty and recommendation, which are directly and indirectly influenced by consumer emotions. These findings challenge the practice of many bank managers, who focus only on cognitive feedback from service users. This study suggests that bank managers should place more emphasis on heeding the positive and negative feelings of their customers. They should add measures of emotions when asking consumers to evaluate bank services. Customers could be asked to express their feelings on several positive and negative emotion descriptors such as happiness, pleasantness, joyfulness, anger and disgust. Bank managers should develop and maintain service offerings that generate positive emotions. Identifying the service attributes that trigger favourable or unfavourable emotions may help bank mangers to efficiently allocate their resources and take necessary measures to boost their service offering. Heightening consumers' positive emotions and inhibiting their negative ones could lead to a better customer relationship management.

In addition, service contact employees should be trained to recognize customers' expressed emotions in terms of vocal, facial and postural expressions (for example, smiling, eye contact and thanking behaviour). In addition, employees should be encouraged and trained to express positive feeling and emotions, as previous research suggested that this may produce a changing in the emotional state of the client (emotional contagion phenomena) and lead, therefore, towards a favourable evaluation of the service encounter. The positive attitude, enthusiasm and smiling facial expression of the financial advisor may influence the customer satisfaction about the service received. These should assist employee contact in the financial services industry in managing customer emotions, developing long-term relationship and influencing the customer's evaluation of the provider's performance.

Third, in manufacturing industries, keeping consumers loyal is a challenging task for marketers. However, in service industries, because services are always related to their providers, once consumer loyalty to a single service is established, it may be extended to other services of the company and to the company itself (that is, corporate loyalty). Companies would clearly benefit from this loyalty as it can help them increase consumer share (that is, the share they can get of consumer purchasing in their product/service categories), which is increasingly preferred over market share. The current study provides bank executives with insights on how emotions can help them improve their corporate image and build customer loyalty.

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