Literature survey:


Customer satisfaction is an important outcome for businesses. Researches on individual behavioural constructs like quality and satisfaction and loyalty has been successfully established. But the linkages between satisfaction and financial performance of the business are less successfully established. This aim of this paper was to empirically link customer satisfaction with different measures of financial performance of business. The result suggests that in general, customer satisfaction has a positive impact on financial measures but the direct effects are small.


The paper focusses on individual customer to explore the links between satisfaction, loyalty and profitability. The paper accepts the hypotheses that there is link between customer satisfaction and customer loyalty and more loyal customer lead to higher customer profitability. The paper also mentions that the relationships between the variables are non-linear and only valid beyond certain threshold levels.


The article studies the impact of service quality on revenue generation or cost reduction or both and examine the association of customer satisfaction and long term financial performance of the firms that aim to achieve the dual objectives, i.e. revenue expansion and cost reduction simultaneously.

Longitudinal data set of 77 firms in United States was used to test the hypothesis. The result indicate a positive association between the customer satisfaction and the long term financial performance and stronger for firms those successfully achieve the dual objectives. However, the process of achieving the dual objectives may not be rewarding in the short run financial success.

The paper decomposes the customer satisfaction constructs into three elements i.e., convenience, warmth and checking base for retail banking customers. It provides a mathematical framework for evaluating the value of customer satisfaction with respect to profitability, assess the relative importance of the elements in forming overall customer satisfaction and therefore, amount of resources to be spent for each of the customer satisfaction elements. The paper builds up an individual level model of loyalty and retention and then aggregates for the market in retail banking industry.


The paper investigates the nature and strength of the link between economic benefits and customer satisfaction. Using and empirical forecast and analytical model, the paper demonstrates economic return of increasing customer satisfaction. However, paper says why increasing market share may actually lead to lesser customer satisfaction. Expectation of quality has a positive relationship with overall satisfaction which is largely rational and adaptive.


The paper proposes that customer satisfaction and profitability are reciprocally related. The authors, based on recent evidence, however, propose that there is a lagged effect of the relationship between the two. Essentially, it means that past customer satisfaction affects present profitability and past profitability in turn affects the present customer satisfaction.


The paper distinguishes customer metrics into two categories, one unobservable or perceptual, e.g., customer satisfaction and the other observable or behavioural e.g., customer retention and lifetime value. The paper offers nine empirical generalizations about the relationships between perceptual and behavioural customer metrics and their impact on financial performance of the firms.

Heskett, J.L. et al. (1994), Putting the Service Profit Chain to Work.
Profit and growth of a company are primarily determined by customer loyalty which is an outcome of customer satisfaction. Customer satisfaction depends mainly on the value and quality of service provided to the customer. The article suggests that to keep the service profitable, the firm has to manage the service – profit chain, i.e. all the links in the operation that affect customer satisfaction. The service-profit chain starts from within the firm. Enhancing internal service quality, i.e. raising the skills and power of the employees to serve the customer, boosts employee satisfaction, loyalty and productivity translating into higher external service value which then boosts customer satisfaction and loyalty.

Eisingerich, A.B. and Bell S.J. (2008), Perceived Service quality and Customer Trust: Does Enhancing Customers’ Service Knowledge Matter?

The paper enunciates the relationship between customer education, customer expertise and service quality and its impact on trust for financial services firm. The result of the study establishes a positive and direct relationship between customer education and customer trust. Customer education enables the customer to process critical information and is likely to build credibility with the customers on the sincerity of efforts by the firm. It further goes on to establish that the functional elements of service quality have stronger effect on trust than the technical elements of service quality.

Dolors, Seto-Pamies (2012), Customer Loyalty to Service Providers: Examining the Role of Service Quality, Customer Satisfaction and Trust, Total Quality Management, 23(11), 1257-1271.

The paper analyzes the impact of service quality, satisfaction and trust on customer loyalty in the context of travel agency using a structural equation modeling. The findings of the empirical research establish strong impact of service quality on the customer satisfaction which in turn has considerable influence on customer loyalty. It confirms the applicability of SERVQUAL scale with all the five dimensions for travel agency sector. The findings also support the influence of trust on customer loyalty. However, it finds the trust – loyalty relation weaker than the satisfaction – loyalty relation.

The authors argue that the customers’ evaluative judgment often used as indicators of a firm’s performance and model misspecification will lead to improper prioritization of programs to improve customers’ service evaluation and firm’s performance. The paper empirically assess, taking data from three retail service settings, the presence of nonlinearity and asymmetry in the relationships among the customers’ evaluative judgment of the service. The result shows that the asymmetric nonlinear model is no superior over symmetric linear models in explaining the customers’ evaluative judgment of service.

Rust, R.T. and Chung, T.S. (2006), Marketing Models of Service and Relationships. The article reviews the existing models of service and relationships and identifies important area for future research. The authors opine that technological forces make service and relationships more important over time making the subject area particularly important for marketing scientists. The trends manifested by improvement in computing, data storage and communications make the service and relationship research area need for both analytical and empirical modelling.

Rahayu, SE. Akt. (2016), The Influence of Service Quality, Trust and Brand Image Toward Customer Satisfaction and Its Impact to Brand Loyalty. The study was conducted on the customers of low cost airlines in Jakarta, Indonesia to assess the influence of service quality, trust and brand image on customer satisfaction and its impact on brand loyalty. The result indicates a statistically significant influence of service quality, brand image and customer satisfaction on brand loyalty. The result also indicates statistically significant influence of trust and brand image on customer satisfaction. However, the result shows no statistically significant influence of service quality on customer satisfaction and trust on brand loyalty.

Rust R.T. et al. (1999), What You Don’t Know About Customer-Perceived Quality: The Role of Customer Expectations Distribution. The paper argues that viewing customer expectation as a point expectation has poor quality for the future prediction of preference. The authors hold the view that through cumulative experience with goods or service, the customer forms a probability density function that describes the relative likelihood that a particular quality outcome will be
experienced. This expectation density function could be predictor of customer’s next transaction.

The expectation density function and diminishing return of utility functions combine together in determining how the customers will behave over time and how their perception and evaluation will change. The future behavior of customers is not only determined by their expectation but also by their perception of risk.

Based on the findings, the authors argue that some of the common beliefs about customer-perceived quality were wrong. They go on to suggest that it is not necessary to exceed expectation to increase preference, receiving an expected level of bad services does not reduce preference, rational customers may choose a less than expected option and paying more attention to loyal and experienced customer may be counterproductive.


The paper argues that due to the nature of service, the role played by both the customer and the employee during the service delivery impact the level of customer satisfaction. It also delineates the three roles played by the consumer while receiving the service which are customer as a productive resource, customer as a contributor to quality, satisfaction and value and customer as competitor.

An empirical study was conducted on 200 customers of three banks to collect data. The findings show that both customer role and employee role impact the level of customer satisfaction. It also reveals that the influence of customer role is more than the influence of employee role in forming customer satisfaction.

Elmadag, A.B. et al.(2008), Antecedents and Consequences of Frontline Service Employee Commitment to Service Quality.

The paper studies the antecedents and consequences of frontline service employee commitment to service quality in business-to-business context taking the third party logistics (3PL) industry. It studies the effect of developmental and reward-based activities like formal training, coaching and rewarding on the affective outcome like job satisfaction and organizational citizenship behavior.

The result indicates the strongest influence of managerial coaching on the frontline service employee commitment which in turn has high correlation to the service quality.

The paper studies the relationship between the dimensions of customer–firm interactions and relationship quality i.e. trust and satisfaction and subsequently on the relationship outcome i.e. loyalty. The customer–firm interaction dimension is further divided into contact personnel, physical environment and customer environment characteristics each with further sub dimensions in the context of personalized services in hair cutting salon.

The paper analyses the relationship of these dimensions at both aggregate level i.e. for the entire sample and disaggregate levels i.e. high-end versus low-end subsamples.


Authors argue that the service quality has a different connotation in IS/ITES outsourcing. Service in IS/ITES outsourcing has both B2C and B2B context. The paper proposes ‘Outsourcing Quality’ triad model consisting of client-vendor and consumer to capture the essentials of IS/ITES outsourcing case.


The article argues that as the products in the banking industry is standardized and subject to easy replication, service quality will be the key differentiator.

22 item instrument based on the 5 dimensions of SERVQUAL Model was used to measure the impact of these dimensions on the customer satisfaction among the saving account holders of private banks in Delhi.

The result indicate that Assurance and Empathy dimensions have high positive correlation and other 3 dimensions, Tangibility, Reliability and Responsiveness have moderately positive correlation with customer satisfaction.


The purpose of the paper was to empirically explore the concept of professional service quality and its evaluation from the perspectives of both the parties involved in the dyadic
exchange process i.e. the service providers and the clients. The authors argue that the interactive nature of professional services and their simultaneous production and consumption requires the perception of both the parties involved in the exchange.

The paper tests three hypothesis related to three gaps, the difference between the client expectation and client experience, the difference between client expectation and professional perception of the client expectation and the difference between client experience and the professional perception of client experience.

The result indicates a significant relationship between the perceptual gaps, between the professionals and clients, and the evaluation of professional services. As the managerial implication of the study the authors suggest two remedial measures: to alter the service provider’s behaviour and expectations in consistent with the expectation of the service receivers and to modify the expectation and experience of service receiver in consistent with the offering of the service providers.

Parasuraman, A. et al. (1991), Refinement and Reassessment of the SERVQUAL Scale.

The objective of the study was to re-examine and reassess the SERVQUAL scale under multi-sector service settings, telephone repair, retail banking and insurance. The original version of SERVQUAL containing 22-items, on five dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy, for both customer expectation of service and customer perception of service was pretested using a mail survey.

The analysis of the result indicate that the inter-dimensional overlap in the refined scale is somewhat more than the original scale, however, the refinement still portrays basic five dimensional structure of the scale with exception of tangibility dimension showing splitting into two dimensions, one pertaining to physical facilities/equipment and other representing employees/communication materials.

The paper suggests that although the five dimensions of service quality are conceptually distinct but they are also correlated and future research should explore the nature and causes of such interrelationships.


The paper examines the conceptualization of service quality and interrelationship between the service quality, customer satisfaction and purchase intention. It proposes
that service quality model SERVQUAL, as proposed by Parasuraman et al. is inadequate and confounds the relationship between the service quality, customer satisfaction and future purchase behaviour.

The result indicates that the unweighted performance based SERVPERF explains more of the variation in the measure of service quality.

Further analysis of the causal order of the relationship between service quality and customer satisfaction indicates that the perceived service quality leads to customer satisfaction.

The paper further infers that customer satisfaction seems to have a stronger and consistent impact on purchase intentions than the impact of service quality.


The article dwells on the dominating forces in the prevailing marketing environment like, the increasing competition, improving technologies and continuously changing regulatory environment leading to growing customer sophistication. Customers are increasingly being aware of their requirements and becoming demanding in the service quality offered. This necessitates for the service providers to improve their services by selectively improving the critical dimensions of their service. The authors argue that resource allocation by firms to improve service should be in consistent with the customer expectation areas.

The study conducted in the four service area i.e. banking, fast-food, insurance and beauty salon, shows that all the dimensions of service quality were equally important in all four service context, expectation on the service quality were not met by the performance in service quality in all service context and the nature of the service context bears no role in determining the order of importance in the dimensions of service quality.


The study to understand the difference between the expectations and perception has been done both at the aggregate banking service level as well as individual public and private banking service levels. The paper also investigates into the factors affecting the expectations and perceptions of banking service quality.
The result indicates a statistically significant difference between the levels of customers' expectations and perceptions for the banking service quality as whole. The study also reveals that there is statistically significant difference in both customers' expectations and perception of service quality between the public sector and private sector banks. Both customers’ expectations and perception of service quality from private banks were higher.


The paper focusses on the role of tangibility on the customer satisfaction in two major sectors of the economy i.e. hospital and hospitality sector, although it recognizes the role of responsivess, reliability, empathy and assurance on the customer satisfaction.

The paper delineates tangibility into two broad groups, the Operation-based tangibility (OBT) and the Market-based tangibility (MBT). The OBT signifies the tangibles operation during the service encounter with the customer. The MBT signifies the tangibles through marketing effort to unify customer's expectation, decision making and evaluation.

The result indicates that the tangibility, assurance and responsiveness are the key influencers for customer satisfaction for both hospital and hospitality sectors.


The primary focus of the study was to find the impact of reliability dimension of E-commerce on Libyan customer satisfaction. The primary data was collected through a survey on a randomly selected sample of 384 respondents using e-commerce services. The data analysis shows a strong relationship between the reliability of e-commerce services and customer satisfaction. The ability of the website to fulfill the orders correctly, deliver promptly and keeping customer information secured were the constituent dimensions of the reliability of e-commerce sites. It further states that the reliability dimension has positive bearing on perceived service quality and satisfaction on the e-commerce business in the country.

The paper attempts to identify the gap between the perception and expectation of service quality using SERVQUAL instrument (Parasuraman et al.1988) for the savings bank account holders of Post Offices. Authors added “competence” dimension to the existing five dimensions of SERVQUAL model.

Analysis of the gap found that there is no statistically significant gap between the perception and expectation of service quality by the customers of saving bank accounts of post office. The analysis also showed that tangibility ranked first among the dimensions of service quality.

Sohail, M.S. et al. (2007), Determinants of Service Quality in the Hospitality Industry: The Case of Malaysian Hotels.

The objective of the paper is to study the determinants of service quality perceptions of customers in mid-priced hotel segment in Malaysia. Authors assume that although it is the consumers who determine the factors that define service quality but the hotels may influence the customers to perceive the service quality.

Descriptive statistics was used to analyse on the following service components of the hotel: Perception of reception efficacy which overall was poor; Perception of value which was overall good; Restaurant services which is rated overall as good; Conference facility which is meeting the consumer expectations; Staff attitude which has mixed response and motivations for staying or not staying.


The objective of the study was to understand and identify the constituents of health care service quality which may be universally applicable and can be useful as the basis to design a comprehensive system to evaluate, monitor and improve health care services in all health care settings across geographies.

Through an exploratory and qualitative study the paper identified 70 constituents of quality in health care service.

The objective of the study was to find out the impact of service quality on customer satisfaction in the banking sector. The service quality was evaluated by reliability, functionality, responsiveness of service design and assurances and was reviewed with the gap analysis using the SERVQUAL scale (Parasuraman et al., 1988).

The study found statistically significant high correlation between the service quality and customer satisfaction.

The article reviews the existing models of service and relationships and identifies future direction of research in this area. The authors opine that the technological forces make service and relationships more important over time which makes the subject area of service and relationship particularly important for marketing scientists. The trends manifested by improvement in computing, data storage and communications make the service and relationships research area amenable to both analytical and empirical modelling and this area will continue to grow in importance in marketing science area.