An Examination of Brand Value, Satisfaction, Attitudes and Intentions in the Context of Service Brands

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Abstract

As customers experience difficulty in evaluating service brands due to the often intangible and non-standardised nature of the offering, consumer brand research in the services arena is warranted. This study, therefore, attempts to understand how consumers respond to service brands by exploring the role of perceived brand value (value for money) and satisfaction in consumer evaluations of and responses to service brands. Results of a survey of 254 bank consumers indicate that perceived brand value has a significant positive effect on satisfaction, and satisfaction has a significant positive effect on both brand attitude and brand usage intentions.

Introduction

Having recognised that services possess inherent differences (e.g., intangibility, heterogeneity, inseparability and perishability) to that of goods (Berry, 2000; Zeithaml and Bitner, 1996), the past decade has produced substantial development and exploration of new marketing concepts aimed explicitly at the marketing of services. Services marketing research has been broad in nature with the scrutiny of issues ranging from service quality (Parasuraman, Zeithaml and Berry, 1985; Proctor and Wright, 1998), service switching (Grace and O’Cass, 2001; Keaveney, 1995) to service failures (Bejou and BoRakowski, 1996; Blodgett, Wakefield and Barnes, 1995), however, inquiry into service branding has been minimal. This could well be an oversight considering that the calibre of the brand lies in its ability to communicate meaning to consumers (Herbig and Milewicz, 1993), hence substantially reducing both their search costs and level of perceived risk (Shimp, 1993). As service consumers’ pre-purchase uncertainty is considerable due to purchasing “products” that are intangible and non-standardised (Comm and LaBay, 1996; Maister, 1994), consumer brand research in the services arena warrants attention. This paper, therefore, explores consumer evaluations of, and intentions toward, service brands in order to further understand the consumer/service brand interface. In particular, this study examines the relationship between perceived brand value and satisfaction and the effect of satisfaction on brand attitude and brand purchase intentions.

Literature

From the consumer’s perspective, price is much more than just a monetary figure. For the consumer, price is the perception of what is given up or sacrificed to obtain a product or service (Zeithaml, 1988) and is more aptly referred to as “perceived price”. The distinction between objective price and perceived price is supported in that consumers do not always remember the actual prices of products but they encode prices in a way in which is meaningful to them (Zeithaml, 1982). With brands, the price range (or price band) describes the perceived value and quality of the brand and are encoded by the consumer accordingly. For example, rather than referring to individual prices contained within the brand, consumers make reference to brands as “cheap brands” or “expensive brands”. Zeithaml (1988)
elaborates further on this concept by suggesting that “perceived value”, rather than “perceived price”, is the key to understanding what is important to consumers. Therefore, as argued by Eastlick and Feinberg (1999) and Beng (1999), it is not the actual price band of the brand, rather it is the perceived value of the brand that drives purchasing behaviour. Described as “a cognitive tradeoff between perceived quality and sacrifice” (Dodds, Monroe and Grewal, 1991, p. 316), perceived value has received considerable attention in the literature (e.g., Beng, 1999; Eastlick and Feinberg, 1999; Kiefer and Kelly, 1995; Sweeney and Soutar, 2001) due to its influence on consumer purchasing behaviour.

In addition, research concerning product pricing has found that when the consumer’s perceived risk is high, and when there are few product-related attributes, price becomes an important information source (Brucks, Zeithaml and Naylor, 2000; Sinha and Batra, 1999). As services possess such characteristics, pricing (or value for money) becomes an important issue (Berry, 2000; Grace and O’Cass, 2001). This is supported by research that has shown a positive relationship between brand evaluations of service consumers and perception of value for money (Beng, 1999; Kiefer and Kelly, 1995). In particular, Varki and Colgate (2001) found that perceived price and perceived quality significantly affect customer value perceptions, which in turn significantly affects customer satisfaction. In contrast to previous studies, Varki and Colgate (2001) did not find a significant direct relationship between customer perceived value and purchase intentions but rather a direct effect on satisfaction, and an indirect effect on purchase intentions through satisfaction. This being the case, it is hypothesised that:

**H1: Perceived brand value has a positive effect on satisfaction.**

Satisfying customers has become a marketing imperative, with many organisations realising the value of satisfied customers in terms of repeat purchases, positive brand attitudes, WOM and brand loyalty (Spreng, Harrell and Mackoy, 1995). Spreng et al. (1996) promote overall satisfaction as product attribute satisfaction and information satisfaction, while Crosby and Stephens (1987) argue that overall satisfaction is comprised of satisfaction with contact personnel, core service and the institution. However, disregarding differences in their conceptualisations, satisfaction is positioned as an outcome variable of product/service attribute evaluation, experience with the brand and other relevant information processing. In fact, Churchill and Suprenant (1982) advocate that “operationally, satisfaction is similar to an attitude, as it can be assessed as the sum of satisfactions with the various attributes of the product or service” (p. 1342).

In the context of services, customer satisfaction is seen as almost synonymous with service quality. Customer satisfaction is said to arise when an individual’s perception of performance exceeds that of the expected performance (Oliver, 1980). Arguments regarding the measurement of service quality aside, as both satisfaction and service quality appear to be linked to the disconfirmation paradigm there is some confusion as to whether they are one and the same. However, Cronin, Jr and Taylor (1992) point out that, while the relationship may not be clear, satisfaction is generally associated with a particular transaction at a particular time whereas service quality is considered to be more congruent with a long-term attitude. This was empirically supported when Cronin, Jr, Brady and Hult, (2000) found that service quality perceptions, when tested across six different service industries, were an important determinant of satisfaction. While there is partial consensus in the literature regarding the positioning of satisfaction within the service context, there appears to be no doubt that satisfaction is an important outcome of consumer pre-purchase and consumption decision-making. In terms of the consequences of satisfaction, it is strongly advocated within the
literature that positive brand attitudes are vital to the long-term success of brands (Farr and Hollis, 1997). Odin, Odin and Valette-Florence (2001) look at attitudes in terms of their strong relationship with brand loyalty. They argue that brand loyalty is two-dimensional; comprising of both an attitudinal component (overall attitude) and a behavioural component (repeat purchase). Therefore, in terms of brand attitudes, it is hypothesised that:

**H2: Satisfaction has a positive effect on brand attitude.**

However, Gabbott and Hogg (2000) note that “the implicit assumption in the quest for customer satisfaction and service quality is a link between positive evaluation and re-purchase behaviour” (p. 384). This is also in line with Odin et al’s (2001) view that positive brand evaluations also result in behavioural intentions and supported by Spreng, Harrell and Mackoy (1995) who found that satisfaction with service recovery resulted in future usage intentions. This being the case, it is hypothesised that:

**H3: Satisfaction has a positive effect on brand purchase intentions.**

### Research Design

The study was based on the design and administration of a survey to address the focal hypotheses underlying the proposed model. The survey consisted of existing measures identified within the literature and adapted for use in this study, for example, price/value for money was measured by 3 items (value for money - Sweeney and Soutar, 2001), brand attitude was measured by 3 items (Yoo and Donthu, 2001), purchase intentions was measured by 3 items (Jones, Mothersbaugh and Beatty, 2000) and satisfaction was measured by 3 items (Caruana, Money and Berthon, 2000).

In addition, careful consideration was given to appropriate service type to test the model and finally it was decided to use retail banking brands due to their familiarity with potential respondents. Mall intercept was chosen as the data collection method for this study due to the retail nature of the study, following a similar rationale to that of Chaudhuri and Holbrook (2001) who argued that data collection be conducted at a place where the brand is consumed or purchased. A high profile, high traffic shopping complex was selected as the data collection location based upon its diverse shopper profile consisting of 50% local shoppers and 50% non-local shoppers (i.e., shoppers that do not reside in the local area).

### Results

Two hundred and fifty-four useable surveys were obtained through data collection. An analysis of the demographic and classification variables indicates the sample represented a wide range of ages (15 years to 83 years) that were relatively evenly distributed across both education and income levels and the gender split was 34% male and 66% female which is similar to other reported research (see Flynn and Goldsmith, 1999).

Testing of the hypotheses was conducted through structural equation modeling via AMOS 4.0. The analysis of the measurement model revealed moderate to strong lambda values that ranged from .51 to .95 and all scales showed high reliability estimates ranging from .91 to .96. Similar to the measurement model, the structural model also fit the data well with the chi-square of 61.52 and a probability level of $p = .063$. The goodness of fit index (GFI) was also above the recommended level of .90 at .96 and the RMSEA was less than .08 at .037.
relative ability of the hypothesised model to explain variation in the endogenous variables is measured by the $R^2$ values (Brady and Cronin Jr, 2001) which were computed at .44 (satisfaction), .62 (brand purchase intentions) and .86 (brand attitude). The hypothesised paths were all positive and significant, hence $H_1$, $H_2$ and $H_3$ were supported. A graphical depiction of the results of model testing appear in Figure 1.

**Figure 1. Model Results**

![Diagram of the model results showing relationships between perceived brand value, satisfaction, brand purchase intentions, brand attitude, and their respective $R^2$ values.](image)

**Discussion**

Hypothesis One postulated that the consumer’s perception of brand value in terms of value for money would significantly affect the consumer’s level of satisfaction in the context of retail banking brands. The results indicate that consumer satisfaction with the brand is influenced by perceptions of value for money received through the brand. This finding is similar to those of Beng (1999), Eastlick and Feinberg (1999) and Kiefer and Kelly (1995) who also found that the brand evaluations of service consumers were influenced by their perception of value for money. In particular, the findings support those of Brady and Cronin Jr (2001) who also found a significant positive relation between customer value and satisfaction regarding banking services. On the other hand, the findings of this study contradict those of Caruana, Money and Berthon (2000) who claim that value for money did not have a strong independent effect on customer satisfaction in the context of audit firms, but only moderates the relationship between service quality and satisfaction. This may indicate that in some service situations the effect of perceived value for money on consumer response may differ.

Hypothesis Two and Three were also supported in that satisfaction was found to have a significant positive effect on both brand attitude and brand purchase intentions. This result reflects the findings of other research regarding satisfaction where it has been shown that satisfaction is an antecedent to overall brand attitude and brand intentions (e.g., Cronin, Jr, Brady and Hult, 2000; Mittal, Katrichis and Kumar, 2001). Similar to consensus within the satisfaction literature, attitudes are considered to be the outcome of evaluating and integrating brand stimulus information (Simonim and Ruth, 1998). However, the strong effect of satisfaction on brand attitudes in this study may indicate that although the brand’s attributes may have a significant effect on the consumer’s attitude toward the brand, it is more likely that the level of satisfaction achieved through the consumer’s experience with the brand’s attributes or dimensions, may be a stronger determinant of the brand attitude. For example, the connotations associated with a well-established brand name (i.e., brand attribute) such as "Qantas" may initially lead consumers to hold a positive attitude toward this brand. However,
if the consumer, upon experiencing the brand, is less than satisfied with service dimensions such as flight scheduling, baggage handling and interactions with Qantas employees, then the initial attitude they held toward the brand may ultimately deteriorate. Therefore, it is suggested that the brand attitude held by consumers is either maintained or diminished according to the level of satisfaction realised through experiencing the brand stimuli.

Similarly the results indicate a strong relationship between satisfaction and brand purchase intentions. Therefore, should the service consumer, after having some interaction with the service, be satisfied with the brand then the likelihood is they will patronise the service in the future. Likewise, should dissatisfaction with the service brand be the result, then future patronage may be unlikely. The findings of this study may indicate support for Odin et al’s. (2001) argument regarding brand loyalty in that this study shows that satisfaction has a strong effect on the behavioural component of brand loyalty (brand purchase intentions) as well as the evaluative component (brand attitude).

Implications and Future Research

In a practical sense, the implications of this research concern the important role perceived brand value and satisfaction play in stimulating positive brand attitudes and future purchase intentions. Therefore, service marketers need to investigate what benefits their customers seek from the service and determine to what extent the various service dimensions provide value to them. Clearly, the design of the core service process and the ultimate price charged to the customer are important issues that warrant careful consideration by service marketers. The key to making sound decisions in these areas ultimately lies in “knowing” the customer. It is imperative that service marketers understand their customer’s value systems and changing needs so that they can design their core services and tailor their prices accordingly. In doing so, they will increase the likelihood of having satisfied customers.

The findings and implications need to be couched in the context of the limitations of the study. Initially, the findings are limited by the data gathering approach. Any survey-based method, including that used in this study, involves measurement error. Secondly, the data were gathered from one shopping mall in SE Queensland so generalisability of the findings may be limited. However, this shopping mall was chosen on the basis of its diverse shopper profile. Finally, the service stimuli used in the survey instrument may be a limitation, however, as argued by Pecotich, Pressley and Roth (1996), this is a limitation for both goods and services research

Conclusion

In an attempt to further our understanding of consumers and services brands, this study has examined and highlighted the important role of perceived brand value and satisfaction in brand evaluation and patronage intentions of service consumers. In doing so, the authors strongly recommend that service marketers give considerable attention to understanding the value systems of their customers in order to ensure that brand value is delivered. The consistent delivery of brand value will ultimately bring service marketers closer to building and maintaining satisfied and loyal customer bases and, as a consequence, future profits will be secured.
References


