

Understanding The Influence Of E-Service Quality On Customer Loyalty To Using Mobile Phone Application Of Young Consumers

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Abstract

The rapid advancement of information and communication technology has prompted commercial banks to develop mobile banking services that are tailored to meet the needs of their customers. The purpose of this study was to explained e-service quality affects customer loyalty in young customers' commercial banks' mobile banking apps. The questionnaire was used to obtain primary data from 271 young customers. In addition, the regression analysis used to evaluate hypotheses. The findings showed that the four dimensions of e-services quality had a beneficial impact on customer loyalty. In addition, the study's highlights revealed customer satisfaction as a mediator variable. Finally, this study demonstrated the relevance of e-service quality in increasing customer satisfaction and customer loyalty on mobile phone application.

Keywords: E-Service Quality, Customer Satisfaction, Customer Loyalty

INTRODUCTION

The rapid advancement of communication technology has recently become a crucial factor in driving business development services and innovation in order to respond to consumers. Several firms rely on this technology to reap the benefits of its advantages and convenience. One of the industries that used technology to boost efficiency in both bank operations and client responsiveness is commercial banking. Mobile banking, in particular, is a technology adoption that allows for the creation of new services over the internet, as well as opportunities for banks to grow market diffusion through mobile services. It is also the ideal channel to deliver to clients (Nurittamont, 2017). Customers gain from the mobile service since it provides them with punctual delivery, timeliness, and rapidity, as well as cost savings, better customer service, and higher customer satisfaction. Furthermore, the efficiency of mobile phones for commercial banks is growing bank market share, encouraging banks to provide better financial services, and improving bank competitiveness. According to Thailand's growing communication technology, customers are

increasingly requiring communications via mobile phones, which are efficient and convenient for communication between individuals in society. Moreover, the number of online transactions has seen an increase. Many businesses were seeking continuity to increase their presence online and boost sales through online channels (Chaimankong et al, (2021). According to the research, there were 113.1 million mobile smartphone users in Thailand in 2017 (South East Asia and Oceania Report, Ericsson Company, 2016), and the smartphone is very easy and handy for them. Young consumers, in particular, are likely to play a role in the adoption of mobile banking through smartphone. The age of the customer is a crucial aspect in determining whether or not they will embrace and use technology (Venkatesh et al, 2000). Young consumers are more eager to adopt new technology than older consumers. This demographic can also choose technology and learn how to utilize it, resulting in a higher rate of smartphone use among young consumers. It is acceptable to fulfill their needs and offers ease. As a result, the firm should be aware of the factors that influence young consumer satisfaction and improve young consumers' perceptions of online service quality.

However, in this difficult environment, the complex nature of service has raised the need to improve service quality in organizations that want to improve their performance and attract customers in a competitive atmosphere (Rostami et al., 2016). The relationship between e-service quality and loyalty in the online channel has received limited attention in the service marketing literature, with most studies focusing on offline service quality, but adopting the offline dimension of service quality concept for online service quality context, despite the fact that there is a difference between offline and online service quality (Nurittamont, 2019). Typically, the core idea of service quality is interpreted as a customer's overall opinion of the service supplied. Customers' expectations and perceptions of service quality are referred to as service quality. Consumers will be thrilled and view service quality as outstanding if services are delivered as expected, but if they are delivered beyond their expectations, customers will be delighted and see service quality as exceptional, and vice versa. A better degree of service quality was linked to a higher level of customer satisfaction, according to several research. Also, customer satisfaction comes before service quality (Prentice et al., 2012), and has been shown to have a direct impact on customer loyalty. Improving service quality is contingent on the company's ability to continuously meet passengers' wants and desires. By trying its best to produce and sustain service quality, a service firm can benefit as well as gain a competitive edge. Building strong relationships between the service business and the customer, providing a good basis for re-purchase activities, encouraging customer loyalty, creating recommendations through word-of-mouth, and creating a good corporate reputation in the minds of customers are just a few of the benefits to the business. Finally, this has resulted in a rise in the earnings of the service industry.

Currently, the dimensions of service quality have been developed to be suitable for online service quality or e-service quality. The most widely used dimension and use was e-service quality, four dimensions: efficiency, fulfillment, system availability, and privacy. E-service quality aids firms in fostering customer relationships; for financial service providers, focusing on improving service quality with online service users is critical; client loyalty lowers costs and boosts revenues. As a result, e-service quality is a critical marketing strategy for responding to customer needs, lowering costs, improving service, increasing

customer happiness, increasing market share, and boosting competitive advantage in the short and long term (Nurittamont, 2019). The quality of e-services is being studied and receiving more attention. The purpose of this study examined the influence of e-service quality on service loyalty to using mobile phone applications of young customer's commercial banks. The key research question how does e-service quality influences service loyalty to using mobile phone applications of young customer's commercial banks. The study aims to understand fulfill in the e-service quality literature and testing model of drives and outcomes of e-service quality.

LITERATURE REVIEW

E-Service Quality

For many years, the basic notion of service business sectors and the most essential business strategy, key force leading to customer satisfaction, firm profitability, and country economic progress has been popular in marketing literature (Golder et al., 2012). The foundation of quality-driven organization development is the customer's expectation of service. Issues in services lead to satisfaction of customers which effect positively on the company performance (Jermsittiparsert, 2019). Therefore, aim of this study is to develop a service marketing mix framework to boost service value and customer satisfaction (CS). Several researchers defined e-service quality as "basic" that allows for the effective and efficient purchase, sale, and delivery of goods and services over the internet, as well as customer perceptions of electronic service experience, evaluation, and judgment of the excellence and e-service quality offering in the virtual marketplace. Currently, most e-service quality research focuses on finding factors that influence consumer perceptions of service quality and developing models that show how expectations differ from actual service experiences. This study focused to e-service quality concepts, because it very widely accepted by academic researchers. There were disparities in the scale of e-service quality between face-to-face and offline services. Four dimensions of e-service quality including: (1) efficiency is the efficiency of the website as the ease and speed of accessing and using the site, (2) fulfillment defied as the extent to which the site's promises about order delivery and item availability are fulfilled, (3) system availability defied as the correct technical functioning of the site, and (4) privacy defied as degree to which the site is safe and protects

customer information. Several study revealed that e-service quality are significant predictors to consumer satisfaction (Huang et. al., 2017; Ladhari & Leclerc, 2013; Nurittamont, 2019) and indicated e-service quality positively related to consumer satisfaction (Ladhari & Leclerc, 2013; Wangchan & Worapishet, 2019). Similarly, consumers respond to marketing about technology services is relatively new to most consumers. As a result, the more e-service quality will influence a consumer's satisfaction with the technology. Consumers who learn about the potential benefits and use mobile phone are as likely to be increasingly satisfied. For this study, focus on e-service quality. It is very important role to encourage consumer's behavior to customer loyalty of young customer to using QR code application on their mobile phones. Therefore, the hypotheses are as follows:

H1: More efficiency of e-service quality focused on consumer will positively influence on customer satisfaction of young customer to using mobile phone application.

H2: More fulfillment of e-service quality focused on consumer will positively influence on customer satisfaction of young customer to using mobile phone application.

H3: More system availability of e-service quality focused on consumer will positively influence on customer satisfaction of young customer to using mobile phone application.

H4: More privacy of e-service quality focused on consumer will positively influence on customer satisfaction of young customer to using mobile phone application.

Customer Satisfaction

Furthermore, customer satisfaction study has long been a large part of marketing research. Satisfaction is a person's experience of pleasure or disappointment as a result of assessing a product's perceived performance or outcome in accordance to his or her expectations, according to Customer satisfaction has a positive effect on service loyalty in general (Ladhari & Leclerc, 2013; Siripipatthanakul et. al, 2021). In this study in the online server area, satisfied customers visit a web site more frequently due to increased loyalty. Customer satisfaction is widely acknowledged as a crucial predictor of customer loyalty, and customers who are satisfied are more likely to tell others about their excellent experience and engage in positive word-of-mouth advertising. Moreover,

the developed in the minds of customers as a result of physical evidence like cleanliness, decor and spatial layout in relation to customer loyalty (Rungsrisawat, Namdej & Jermisittiparsert (2019). The several researches examined to customer satisfaction: when customers perceive better website service quality such as special treatment benefits and convenience in timeline. Customers will have more satisfaction and directly influence the customer loyalty (Nurittamont, 2019). According, customer satisfaction with e-services quality has a favorable impact on customer loyalty to electronic services. This study focuses on customer satisfaction as a key factor in encouraging young customers to use mobile phone applications to pay for goods and services. Therefore, below are the hypotheses:

H5: Customer satisfaction as a mediate variable between e-service quality and customer loyalty of young customer using mobile phone application.

Customer Loyalty

According to marketing literature, loyalty in the marketing field has grown at a breakneck pace during the last decade. Service loyalty is described as a deeply ingrained commitment of client to reuse or use a favored service repeatedly in the future. This research explained customer loyalty from four factors, including purchase intention, complaining behavior, price sensitively and word of mouth. According to a previous study, only a small percentage of loyal online customers return to make purchases (Boston Consulting Group, 2000), but this small percentage of loyal online customers is highly profitable for e-business and may recommend to friends and family (Chahal & Bala, 2012; Kanyama, Nurittamont, & Siripipatthanakul, 2022). It has a significant positive impact on business profit (Reichheld & Schefer, 2000). Short – Long term of customer loyalty are two different concepts. Long-term loyalty is difficult to break, while short-term devotion is more quickly broken when clients are offered a perceived superior alternative from other providers. Customer loyalty is crucial to service providers, thus it is advantageous to build a relationship with the customer that the consumer wants to keep (Kahokaew & Nurittamont, 2021). As a result, the financial industry is attempting to develop long-term consumer loyalty. Businesses will gain a competitive advantage as a result.

The e-services quality was identified as a critical independent variable in this study. The model revealed that e-service quality has a direct

and indirect impact on consumer loyalty. Customer satisfaction was also shown to be a mediator variable in the relationship between e-service

quality and customer loyalty. The figure 1 below shows the conceptual framework used for this research.

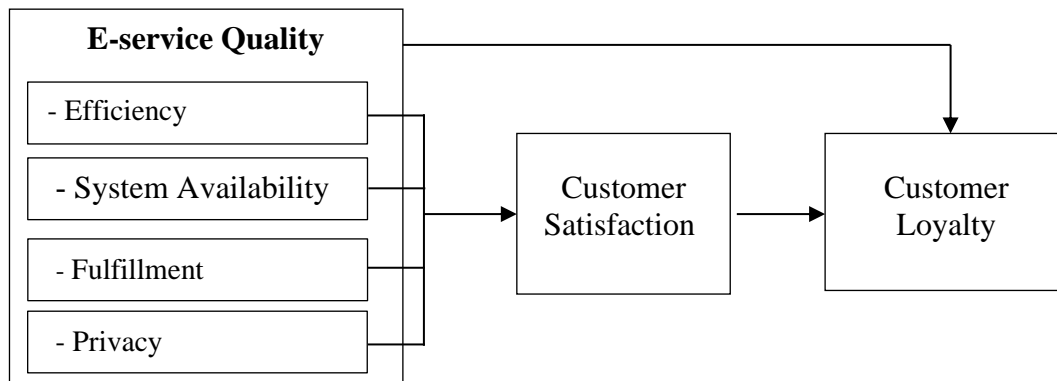


Figure 1 show that the influence of e-service quality on customer loyalty

RESEARCH METHODOLOGY

This study used a descriptive cross-sectional design since the research contains clear and defined hypotheses and data was collected from a single sample over a short period of time. All factors in the questionnaire were anchored with a five-point likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). Four dimensions of e-service quality are efficiency, fulfillment, system availability, and privacy. All dimensions be measured with four items, and each dimension was measured with four items. Customer satisfaction with a mobile phone application for making payments is measured by four factors, and customer loyalty is measured by four factors, including purchase intention, complaining behavior, price sensitively and word of mouth. In order to acquire primary data for this study, it plans to perform a pre-test with 30 people before conducting the main survey (Malhotra et al., 2012). The purpose of a pre-test is to evaluate the questionnaire with a limited sample size in order to better predict potential issues. It's also helpful to see if respondents comprehend the content of the wordings, the chronology, the structure, the ease or complexity of the questions, and the instructions for improving the questionnaire. Furthermore, the Cronbach Alpha coefficient was used to evaluate the questionnaire's measurement reliability. This research had Cronbach alpha coefficients between 0.70 and 0.93 in the scales of dependability are all larger than 0.70.

This research focused to influence of e-service quality on customer loyalty of young customer's commercial bank using mobile phone application.

The primary data was collected from young customer's commercial bank using as the respondents by shopping at Chang Mai night market and selected by purposive sampling. The data for analysis was obtained by the researcher himself from 271 respondents. The sample size for multiple regression analysis (MRA) is between 15-20 observations for each predictor variable. There are six predictor variables in this study, which necessitates a minimum sample size of 120 respondents. Furthermore, the sample size of 271 will be regarded sufficient for future investigation, which may necessitate MRA. As a result, in this study, hypotheses were tested using multiple regression analysis, with customer satisfaction as a mediator relationship between e-service quality and customer loyalty, and statistical package computer program was used to analyze the results.

Statistical Techniques

The ordinary least squares (OLS) regression analysis is used to test the hypothesized relationships and estimate factors influencing the business performance. OLS is appropriate method for investigating the hypothesized association because independent and dependent variables were metric scales.

All of those equations are based on the regression analysis statistic method and following four equation models are formulated as shown below:

$$\text{Equation 1: CS} = \beta 01 + \beta 1\text{EF} + \beta 1\text{SA} + \beta 1\text{FM} + \beta 1\text{PV} + \varepsilon \quad (1)$$

$$\text{Equation 2: CS} = \beta 02 + \beta 2\text{E-SQ} + \varepsilon \quad (2)$$

$$\text{Equation 3: CL} = \beta 03 + \beta 3\text{E-SQ} + \varepsilon \quad (3)$$

$$\text{Equation 4: CL} = \beta 04 + \beta 4\text{CS} + \varepsilon \quad (4)$$

Where;

EF	=	Efficiency
SA	=	System Availability
FM	=	Fulfillment
PV	=	Privacy
SQ	=	E-Service Quality
CS	=	Customer Satisfaction
CL	=	Customer Loyalt

RESERCH RESULTS

Table 1 the result of multiple regression analysis the influence of four dimensions of e-service quality on customer satisfaction

Equation	E-service Quality	Customer Satisfaction			t	p-value
		β	Std. Error	Beta		
1	Constant	0.30	0.28	-	1.09	0.00***
	Efficiency	0.28	0.07	0.23	3.82	0.00***
	System Availability	0.39	0.05	0.39	7.67	0.00***
	Fulfillment	0.31	0.04	0.32	6.79	0.00***
	Privacy	0.02	0.07	0.02	0.32	0.74
		R= 0.69	R ² =0.58	Adjusted R ² = 0.47		

** $p \leq 0.05$, *** $p \leq 0.01$

The results showed that four dimensions of e-service quality including efficiency, system availability and fulfillment positively influence significant on customer satisfaction ($\beta = 0.28$, $p \leq 0.01$; $\beta = 0.39$, $p \leq 0.01$; $\beta = 0.31$, $p \leq 0.01$), but privacy not influence on customer satisfaction ($\beta = 0.02$, $p \geq 0.05$). Therefore, hypothesis 1, 2 and 3 are accepted, but hypothesis 4 is rejected.

Table 2 the result of regression analysis the role of customer satisfaction as a mediator variable between e-service quality and customer loyalty

Step/ Equation	Independent variable	Dependent variable	β	t	Adjusted R ²	p-value
2	E-service Quality	Customer Satisfaction	0.69	15.83	0.47	00.00***
3	E-service Quality	Customer Loyalty	0.34	5.97	0.12	00.00***
4	Customer Satisfaction	Customer Loyalty	0.44	7.95	0.19	00.00***

** $p \leq 0.05$, *** $p \leq 0.01$

The table 2 showed that investigates the role of customer satisfaction in moderating the relationship between e-service quality and customer loyalty base on Baron and Kenny (1986) concept. All of the routes between e-service quality, customer happiness, and customer loyalty are positive and significant, according to the findings ($\beta = 0.69$, $p < 0.001$ (Equation 2), $\beta = 0.34$, $p < 0.001$ (Equation 3); $\beta = 0.44$, $p < 0.001$ (Equation 4). (Equation 4). However, the beta coefficient of the association between e-service quality and customer loyalty ($\beta = 0.34$, $p < 0.001$ (Equation 3)

is lower than the beta coefficient of the relationship between customer satisfaction and customer loyalty ($\beta = 0.44$, $p < 0.001$) (Equation 4). Furthermore, when comparing adjusted R² of Equation 3 (e-service quality and customer loyalty) to adjusted R² of Equation 4, the adjusted R² of Equation 3 is lower (customer satisfaction on service loyalty). The results of this study mean that the influence of e-service quality on customer loyalty should be a mediator variable because of increase strong to examine the relation. Therefore,

the hypothesis on the mediator role of customer satisfaction (H5) is partially accepted.

The summary of the hypotheses testing is presented that the hypothesis's significance is above 0.1, which means that the hypotheses are accepted. Moreover, the hypotheses tested in the Table 1, indicated that one out of five hypotheses is rejected, namely H4.

DISCUSSION AND CONCLUSION

This research-based on the literature research, advancement of information and communication technology significantly impacts online banking. The young customers increase acceptance of online banking and change customer behavior. It is a payment channel to convenience and speed. The research findings show that the number of online banking has seen an increase for young customers. In the near future there could, and probably will be new waves of customer trends that drive transformation through an online channel in the banking commercial sector.

The findings of this research according to pervious study found that the e-service quality influence on customer satisfaction (Huang et.al., 2017; Wang & Shieh, 2006; Ladhai & Leclerc, 2013). Likewise, the research indicated three dimensions of e-service quality efficiency, system availability, and fulfillment positively influence to consumer satisfaction (Ladhai & Leclerc, 2013, Nurittamont, 2021), Several empirical studies confirmed that a higher level of e-service quality led to higher level of customer satisfaction, the mobile banking provider concerns to creating e-service quality for response to young consumer and lead to using application pay money through mobile phone contently. Also, the study according to Zehir, at.el., (2014) examined the general relationship between e-service quality and service loyalty, them indicated that e-service quality has a directly and indirectly influence on customer loyalty (Nurittamont, 2021; Wang & Chaipoopirutana(2015). Likewise, Customers will have more satisfaction and directly influence the customer loyalty (Lai et al. (2007). Thus, this study confirmed to customer satisfaction as a partial mediator variable of relation.

CONTRIBUTIONS

This research uses marketing theoretical frameworks to explain the linkages, to acquire a

clear knowledge of the impact of e-service quality on customer satisfaction, and customer loyalty. This study investigated the direct and indirect link between e-service quality, customer satisfaction, and customer loyalty. More intriguingly, this research tries to incorporate the impact of e-service quality: efficiency, system availability, fulfillment, and privacy, and indicated the role of customer satisfaction as a moderator variable between e-service quality and customer loyalty. The results imply applying and encouraging developments in e-service quality and confirmed that the influence of e-service quality on customer satisfaction and loyalty was significant.

In fact of actual market situation, the e-service quality of mobile phone application providers emphasized on responds to customers. More possibly, e-service quality can achieve the response of customer need and loyalty. Mobile phone application on mobile phone of commercial bank will create higher differentiation than other competitors and greater profitability in the short and long term. Under marketing situation, the pressure of communication technology growing and competition in the financial industry becoming increasingly difficult to respond to customer needs and achieve a business goal. Therefore, the commercial bank should be offering the new service to customers by focus to service convenience through electronic.

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