

**Impact of Perceived Communication Quality on
Customer Advocacy: The Role of Customer Satisfaction
and Preferential Treatment**



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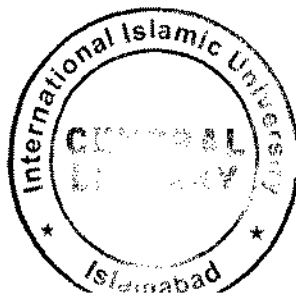
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Impact of Perceived Communication Quality on Customer Advocacy: The Role of Customer Satisfaction and Preferential Treatment

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Submitted in partial fulfillment of the requirements for the
MS degree with the specialization in Marketing
at the Faculty of Management Sciences,
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December, 2014



In the name of Allah, the most merciful and beneficent

DEDICATION

I dedicate this thesis to my parents and my supervisor whose support has
enabled me
to complete this research study successfully.

(Acceptance by the Viva Voice Committee)

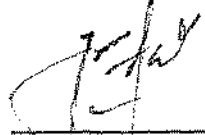
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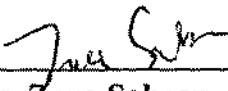
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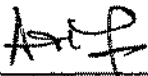
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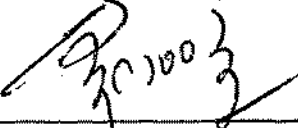
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APPRECIATION AND GRATITUDE

No words of gratitude will ever be sufficient for the Allah Almighty who made me capable of learning, blessed me with the knowledge & intellect and facilitated me with the finest of the mentors all through my academic years.

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ABSTRACT

Signaling theory conjectures that firms may use their service features as signals to attain customer driven relational outcomes. The main focus of the study was Customer Advocacy and the factors that breed it. The study utilized Perceived Communication Quality and Preferential Treatment as signals by service firms. None of the study earlier examined Perceived Communication Quality and Preferential Treatment as signals from service provider. Current research did in-depth review of Signaling theory and utilized it to make theoretical foundations of the research. Customers of retail banks of twin cities Islamabad and Rawalpindi made up the population for this research. Investigating the drivers of Customer Advocacy in banking sector was the need of the hour since customers started listening to each other more than their banks. 289 Customers of different banks residing in Islamabad and Rawalpindi aided to fill self-administered questionnaires. Results supported all 5 hypotheses. Findings suggest direct impact of Perceived Communication Quality on Customer Satisfaction and Customer Advocacy, as well as direct impact of Customer Satisfaction on Customer Advocacy. Moreover moderating effect of Preferential Treatment was found on Perceived Communication Quality-Customer Satisfaction relationship. Furthermore, mediating effect of Customer Satisfaction was found between Perceived Communication Quality-Customer Advocacy relationships. Hypothesized relationships followed by empirical proof have not been pragmatically studied under the light of signaling theory particularly in banking sector. The study not only filled a wide research gap but put forward numerous managerial implications. Hence made theoretical and practical contributions.

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CHAPTER 1

1. INTRODUCTION

1.1 Background

Winning devoted customers is a matter of endurance and demise for the firms which operate in highly competitive industries, whereby intangibility is innate in the offerings (Walz & Celuch, 2010). Service industry is one such industry. In such situation it becomes pivotal for service firms to not only attract customers but to make long lasting relationships with them (Bendapudi & Berry, 1997). In view of the fact that customer advocacy has been viewed as the eventual ordeal of the customer's relationship with the firm (Cross & Smith, 1995) it can be established that customer advocacy can prove to be the ladder of success for service firms. Signaling theory (Spence, 1974) which is based on the conjecture that both consumers and firms are rational can play the role of beacon to investigate the drivers of firms' much desired customer advocacy behavior. According to its postulation Signaling theory (Spence, 1974), focuses on the fact that firms can utilize their attributes as signals to overcome ever existing information asymmetry (Srivastava & Lurie, 2004) in the pursuance of desirable outcomes.

1.2 Research gap and rationale of the study

Signaling theory (Spence, 1974) is deep rooted in the notion that firms can propel their observable features as signals to the customers and achieve favorable outcomes. For

example Srivastava and Luri (2004) utilized price of products as noticeable signal to raise consumer perceptions of offer value and shopping intention in the light of signaling theory (Spence, 1974). In the same line of thought customer advocacy which is a relational outcome and has been regarded as a direct product of customer commitment (Morgan & Hunt 1994; Price & Arnould, 1999; Lacey & Morgan, 2009) is the most enviable outcome for firms. It has been empirically proven that there is a direct positive impact of affective commitment on advocacy behavior and further it can be regarded as a type of customer citizenship behavior (Fullerton, 2003). Whereas, Mayer and Schoorman (1992) had previously established that when customers are committed just because they do not have any other choice (i.e. continuance commitment), they never indulge in advocacy behaviors. Furthermore, Sauer (2010) in his study on customer-brand associations has examined that customers more actively promote their brands in case of higher levels of customer-brand recognition.

Advocacy behavior does not come into being on its own; the firm achieves such behaviors of customers by first achieving customer satisfaction (Fournier, 1998; McAlexander, Schouten, & Koenig, 2002; Algesheimer, Dholakia, & Herrmann, 2005). Customer satisfaction has been termed as the chief and straight linkage to outcome measures (e.g., Anderson & Fornell, 1994; Clow & Beisel, 1995; Mohr & Bitner, 1995; Fornell et al., 1996; Hallowell, 1996; Spreng, Mackenzie, & Olshavsky, 1996; Andreassen, 1998; Athanassopoulos, 1999; Bolton & Lemon, 1999; Ennew & Binks, 1999).

Fundamentally there could possibly be two types of customer satisfaction, i.e., service encounter satisfaction which is explicit to particular transaction and overall customer satisfaction which turns out to be collective end product of a set of distinct service

encounters (Bitner & Hubbert, 1994; Oliver, 1997; Rust & Oliver, 1994). Service encounter satisfaction is more probable to rely on service performance or particular characteristics of the service encounter; on the other hand overall satisfaction is more probable to depend on factors that transpire across transactions (Shankar, Smith & Rangaswamy, 2002). Keeping the fact in mind that overall satisfaction is snowball effect of several service encounters and depend on factors that occur during these encounters, it makes sense to focus more on such a factor which always remain there in every encounter or transaction and that is communication, since communication is the “heart and central instrumental process” (Lewicki & Litterer, 1985, p. 157). In its literal meaning by the word communication we generally refer to flow of information and it’s proven by the literature that appropriate information, help customers make sensible decisions leading to higher satisfaction (Shankar, Smith & Rangaswamy, 2002). It can be asserted that customer satisfaction come into being when a firm signal higher communication quality and leaves positive impact on customer’s behavioral intention to advocate services.

Proposed relationship is not as simple as it may seem, literature calls attention towards some other variables impacting the relationship. Numerous studies reveal that customers get gratification when they receive other relational benefits in the form of preferential treatment, separate from the core service performance (e.g., Barlow, 1992; Gwinner, Gremler & Bitner, 1998). On the whole when customers observe that there are analogous quality providers in the market then giving preferential treatment becomes pivotal (Gwinner, Gremler & Bitner, 1998) to amplify satisfaction levels of customers. Therefore it can be argued that presence of preferential treatment as a strong firm’s signal can

significantly impact the relationship between perceived communication quality and customer satisfaction.

In spite of these essential revelations, after going through authentic research sources e.g. Google Scholar, ScienceDirect, EBSCO databases, Emerald, JSTOR, and Taylor & Francis it was found that none of the study has empirically investigated the propounded relationships particularly within the signaling theory (Spence, 1974) framework; which made the case to commence current study.

1.3 Significance

Service providers generally and banks particularly make huge investments on their communications with the customers. Though communication is the only unremitting factor between service provider-customer relationships (Lewicki & Litterer, 1985), none of the research was found in any of the authentic research sources e.g. Google Scholar, ScienceDirect, EBSCO databases, Emerald, JSTOR, and Taylor & Francis which has empirically examined if it directly determines customer satisfaction or not. Moreover, present neck to neck competition between services providers, specifically between banks can be efficiently wrestled by populating advocates (Walz & Celuch, 2010). Current state of affairs reveals that customers cannot be satisfied merely with the core service hence not much likely to promote or defend their service providers; in such situation investigating the impact of preferential treatment can be leading one towards customer satisfaction and advocacy behaviors.

1.4 Problem statement

In the state of ever increasing antagonism in service sector, firms face the challenge to wrestle the competition and win devoted customers. Although, service firms deploy huge

amount of resources to satisfy their customers but they find it exigent to get advocates out of these satisfied customers. Therefore, research was needed to investigate how service providers can amplify customer satisfaction into customer advocacy.

1.5 Research questions

The research sought to answer the following research questions:

Q1: Does communication quality positively impact customer advocacy?

Q2: Does preferential treatment moderate the relationship between perceived communication quality and customer satisfaction?

Q3: Does customer satisfaction mediate the relationship between perceived communication quality and customer advocacy?

1.6 Research objectives

The purpose of this study was to provide insight into the drivers of customer advocacy in the light of signaling theory (Spence, 1974), using survey data from customers of various banking service providers. Stemming from the research questions following were the research objectives:

- To examine the impact of perceived communication quality on customer satisfaction.
- To investigate the moderating effect of preferential treatment on the relationship between perceived communication quality and customer satisfaction.
- To study the impact of perceived communication quality on customer advocacy.
- To scrutinize the impact of customer satisfaction on customer advocacy.
- To examine the mediating effect of customer satisfaction on the relationship between perceived communication quality and customer advocacy.

CHAPTER 2

2. LITERATURE REVIEW AND HYPOTHESES FORMULATION

2.1 Signaling Theory

Signaling theory (Spence, 1974) has been utilized broadly to illustrate circumstances exemplified by information unevenness involving firms and customers concerning a non-apparent aspect (e.g., Nelson, 1970). Signaling theory (Spence, 1974) based on the assumption that both consumers and firms are cogent, spells out circumstances in which information unevenness can be sorted out and firms can transmit information regarding the intangible feature to customers by some sort of noticeable feature for instance price or promotion intensity (Srivastava & Lurie, 2004). Further dissymmetry of information can be illustrated by “prepurchase information scarcity” and “post-purchase information clarity” (Kirmani & Rao, 2000). Whilst a customer can't evaluate or infer an offering's excellence aspects before purchasing; prepurchase information scarcity arises. On the other hand, as a customer can willingly review the eminence of an offering right after purchase or utilization; postpurchase information clarity arises (Wells, Valacich, & Hess, 2011).

Labor market was employed by the pioneer of signaling theory, Spence (1974) to represent the signaling function of education. Since prospective companies do not know much about the quality of job candidates, therefore, education is attained by the candidates to signal their quality and lessen information unevenness. Since lower quality

candidates would not be capable to endure the seriousness of higher education; this education plays the role of strong signal.

As obvious there are three main important elements of signaling theory (Spence, 1974); 1) a sender who would be sending 2) signal(s) to the 3) receiver(s), so that information asymmetries can be resolved and favorable outcomes can take place. Taking for example Spence (1974), labor market whereby job applicant is the sender (signaler) who sends signal (education level) to the potential employer (receiver) who lacks information about the attributes of the applicant. By sending education as a signal two things would likely to happen one; information asymmetry will be resolved and number two; applicant might get favorable outcome in the form of selection. Next, elements of signaling theory (Spence, 1974) have been elaborated further in the light of literature.

A signal is an indication that can be utilized by a vendor “to convey information credibly about unobservable product quality to the buyer” (Rao, Qu, & Ruekert, 1999, p. 259). Now, these cues could be extrinsic or intrinsic. According to literature signals are usually extrinsic to the offering and are found to be more assertively evaluated by customers (Wells, Valacich, & Hess, 2011). Extrinsic cues are offering-related features that usually are not inbuilt to the offering being assessed, as in alterations in these features do not modify the elemental character of the product (Richardson, Dick, & Jain, 1994). Intrinsic cues are product features, in case they are changed, bring modification in the elemental character of the product (Richardson et al., 1994). Signals grant convenience for customers based on the “predictive value” and the “confidence value” of the signal (Cox, 1967). “Predictive value” is described as “the degree to which consumers associate a given cue with product quality” whereas “confidence value” is described as “the degree

to which consumers have confidence in their ability to use and judge a cue accurately” (Richardson et al. 1994, p. 29).

At the core of signaling theory (Spence, 1974) are senders (signalers) who basically are insiders, simply gain information concerning a person (e.g., Spence, 1974), an offering (e.g., Kirmani & Rao, 2000), or a firm (e.g., Ross, 1977) which is not obtainable to receivers. Broadly speaking, signalers get hold of information, which could be positive or negative, that receivers would find valuable (Wells, Valacich, & Hess, 2011). Now this is the decision of signalers to converse this information to unknowns (receivers) or not. Signaling theory (Spence, 1974) mainly spots light on the purposeful communication of optimistic information in an attempt to pass on positive organizational characteristics (Connelly et al., 2011).

At last, receiver of the signal is placed in the signaling timeline. In line with signaling models, receivers are outsiders who are short of information about the firm but would like to be given this information. However, senders (signalers) and receivers also have to some extent differing concerns such that winning trickery would gain the signaler without regard for the receiver (Bird & Smith, 2005). The signaler should gain by some sort of deed from the receiver that the receiver would not have done otherwise, for signaling to have effect. For instance, the receiver might make a decision about appointing, buying, or investing (Connelly et al., 2011). Studies investigating signaling theory (Spence, 1974) slot in shareholders (Certo, Daily, & Dalton, 2001) and debt holders (e.g., Elliot, Prevost, & Rao, 2009) as receivers. Studies in marketing utilize customers as receivers (Basuroy, Desai, & Talukdar, 2006; Rao, Qu, & Ruckert, 1999). The quintessence to this theory (Spence, 1974) is that these receivers plunk to benefit by making decision based on information attained from these signals. In the same way, customers would be benefited

by buying products and services that are allied with signals of high quality investing (Connelly et al., 2011).

In line with signaling theory (Spence, 1974), marketing researchers have been trying to comprehend how customers access product quality when encounter information asymmetries (Kirmani & Rao, 2000). For instance, preceding research has established support for the signaling theory (Spence, 1974) suppositions about the power of brand name (e.g., Erdem & Swait, 1998), warranty (Boulding & Kirmani, 1993), and advertising expenses (e.g., Kirmani, 1990) on customer observations of product quality. Product quality was given attention by earlier studies on signaling theory (Spence, 1974) as the subtle trait since ambiguity with regard to quality cannot be determined entirely before purchasing (Srivastava & Lurie, 2004).

Current study utilized the signaling theory (Spence, 1974) in a way that signaler is the service organization, receiver is the customer and the signals sent are; its communication quality and preferential treatment, where, by sending these signals the signaler is benefited by getting customer satisfaction and hence customer advocacy behavior. Communication quality and preferential treatment, however, have not been theoretically investigated as signals of service quality.

2.2 Customer Advocacy (Dependent Variable)

Customer advocacy corresponds to one of the most potential areas for research in marketing. Possible responses that can come out from attempts directed at building relationships with customers are stressed by current literature on relationship marketing (e.g., Crosby et al, 1990; Sheth & Parvatiyar, 1995; Bettencourt, 1997; Garbarino & Johnson, 1999; Verhoef, Franses, & Hoekstra, 2002; Nijssen et al., 2003). Among all

these responses, a number of academicians and practitioners put forward that advocacy i.e. promotional orientation of customers towards firms may be the most imperative one (Christopher, Payne, & Ballantyne 1991; White & Schneider 2000; Reichheld 2003). In the context of services marketing, for instance, researchers express such inclination as “a dominant force in the marketplace” (Mangold, Miller, & Brockway, 1999, p.73) and the “ultimate test of the customer’s relationship” (Bendapudi & Berry, 1997, p.30). Advocacy has been acknowledged as the eventual assessment of customers’ affiliation with a firm (Christopher, Payne, & Ballanantyne, 1991) and an eventual aspiration for a company in obtaining it’s prolong competitive position (Urban, 2004).

“Customers so happy with the organization that they voluntarily engage in word-of-mouth advertising for the organization” is illustration of advocates used by research (White & Schneider, 2000, p.242). Customer advocacy principally refers to the endorsement oriented manners plus protective demeanor of customers when facing other customers, in support of the firm or a trade name (Bendapudi & Berry, 1997). It can be stated that advocacy, or the promotional or defensive behavior by a customer for a service provider, product, or brand towards another customer or non-user, is the most essential products of establishing customer commitment (Christopher, Payne, & Ballantyne, 1991). Cheung, Antisal, and Antisal (2007) spot to the need for marketer’s activeness in initiating and sustaining the positive word-of mouth (WOM) course, a notion corresponding to advocacy. This conception is additionally developed by Jaffe (2010) who suggests that marketers are stabbing precious resources in an attempt to get hold of new customers through conventional promotional techniques; whilst as an alternative center of attention should be winning regular customers who then will

commune the advantages of the product or service more powerfully through advocacy behaviors. Pragmatic research has proved that positive word-of-mouth is nine times more effectual at shifting stances than advertising (Day, 1971) and has a direct positive impact on retail sales (e.g., Liu, 2006). In services context word-of-mouth communications can be yet more powerful since the firm's offering is intangible and by no means be experienced earlier than paying for it. However, customer advocacy can be considered as a step beyond positive WOM; whereby customer does WOM in support of firm/brand and turn out to be self-protective in opposition to critics (Walz & Celuch, 2010).

Both academic investigators and practitioners have long apprehended the worth of positive WOM to firms. Research studies that have examined frameworks of positive WOM, impact of satisfaction along with other relational mediators on behavior have been examined more deeply (e.g., Mittal, Kumar, & Tsiros, 1999). Very little research has given WOM communication the focus it deserves (e.g., Mazzarol, Sweeney, & Soutar 2007), and according the acquaintance of researcher after going through major research sources (mentioned in introduction) practically no empirical work was found which examined the drivers of consumer advocacy behaviors. Thus, owing to advocacy's identified importance as well as gaps in our understanding of the concept, we placed it as one of the focal constructs of this research.

Sauer (2010), portrays customer advocacy as a social as well as a physical behavior, social behavior makes customers to operate as company advocates by suggesting firm's offerings to others, and becoming defensive when they face its condemnation. Alternatively customer advocacy becomes a physical behavior when customer buys and utilizes firm's offerings, as well as its supplementary commodities which make firm's

logo or name noticeable to others or wearing its tattoos (Katz, 1994). Conversely Chelminski and Coulter (2011) present advocacy behavior from a dissimilar angle by referring it as; consumer's universal appetite to pay out clues and notify others about disappointing experience with the firm. Since affective commitment makes customers to be more emotionally involved to the firm's products/services as well as make them to deliberately promote the firm hence, customer citizenship behavior is another facet of advocacy (Allen & Meyer 1990; Mathieu & Zajac 1990). Current study aims to operationalize 'customer advocacy' as such a behavior of customer whereby he/she does not only utter promotion oriented remarks about the firm but also becomes defensive when encounter negative remarks from others. Reason being, it's the description on which majority of the scholars have agreed and worked upon (Christopher, Payne, & Ballantyne 1991; White & Schneider 2000; Reichheld 2003; Sauer, 2010; Walz & Celuch, 2010).

Intimation of customer advocacy can by no means be forsaken no matter firm is into products or services, as it is an essential gauge of consumer keenness with the firm (Bendapudi & Berry, 1997). Yet, because of intangibility unease customers depend more on WOM recommendations in a service framework (Murray, 1991). Advocacy is exceptionally desirable one for the service providers given that it clues that customers are forming linkages with the firm, out of several productive behavioral intents (Zeithaml, Berry, & Parasuraman, 1996). Advocacy can also be seen as the topmost stratum of customer loyalty behavior (Christopher et al., 1991). Customer advocacy behavior is also studied in relation to: attitude and affection; service quality; equity and; satisfaction (Westbrook, 1987; Swan & Oliver, 1989; Harrison-Walker, 2001; East et al., 2005). No

matter company is into goods or services implication of customer advocacy can by no means be disused as it is a vital pointer of customer commitment with the firm.

2.3 Perceived Communication Quality (Independent Variable)

Firm's communications can have an effect not only on customer anticipations about a service but also customer opinions of the delivered service (Parasuraman, Zeithaml, & Berry, 1985). Communication is described as the official and unofficial exchange of consequential and well-timed information. The significance of information and communication has always been highlighted by the literature in relationship marketing (Mohr & Nevin, 1990; Anderson & Narus, 1990; Morgan & Hunt, 1994). Claycomb and Martin (2002) recognized a number of practices utilized by organizations to set up and cultivate relationships with customers. Out of the most pointed out practices, permanence of communications was the one. Firm circulars to keep customers up to date about reorganized competences, new services, frequently programmed individualized correspondences; phone calls were some examples (Camarero, 2007). Communication that is accurate, helpful, warm, and in control is typically idealized (Montgomery, 1988). Facets such as the completeness, timeliness, adequacy, and trustworthiness of information exchanged are integrated in quality of communication (Daft & Lengel, 1986). Significance of communication was emphasized by Bleeke and Ernst (1993, p. xvi) as: "The most carefully designed relationship will crumble without good, frequent communication." Hence, communication quality can be considered as a key attribute of information dissemination.

Higher quality communication institutes that the information is acknowledged unerringly in connection with gist and subtext as planned by the initiator (Rouse & Rouse, 2002). In

the same line of thought, Montgomery (1988) argues that quality communication is in general thought of as communication that is not only accurate but complete. In addition, services which are tagged as “medium-high contact” (Lovelock, 1983), and as a consequence a high extent of interface and interpersonal communication amid customer and service expert (e.g. accountant, legal representative, family physician, psychiatric therapist, designer, financial counselor) is indispensable for winning service delivery (Sharma & Patterson, 1999). It is because of this reason that Hatfeld (1993) maintains it is compulsory to build up even; amiable and continuing communications between customer and firm with the intention of enlarging and prolonging the relationship. Morgan and Hunt (1994) recommended that an uncomplicated and accurate course of communication is an imperative feature of a well-built association. Additionally it has been posited by Moorman *et al.* (1993) that well-timed and complete communication cultivates trust by supporting in removal of clashes and bringing opinions and anticipations into line.

Communication quality is the primary driver for establishing imminent attachments (Mohr & Spekman, 1994). Since communication is the “heart” and “central instrumental process” it is termed as the key factor to create a strong contact between the service provider and customer (Lewicki & Litterer, 1985, p. 157). Furthermore Etgar (1979, p. 65) puts forward that disagreement is attributable to ineffectual communication, which brings in “misunderstandings, incorrect strategies, and mutual feelings of frustration.” Therefore, marketers are supposed to efficiently fulfill the responsibility of communicator and supporter (Kotler, 2000). Higher communication quality seems more crucial to service providers in view of the fact that; it is being affirmed that

communication is an indispensable element for achieving far above the ground expected service quality (Clark, 1992; Headley & Choi, 1992).

Within marketing channels to convey influential information, communication can serve as the key strategy (Frazier & Summers, 1984), to encourage participative decision making (Anderson, Lodish, & Weitz, 1987), to synchronize curriculums (Guiltinan, Rejab, & Rodgers 1980), to implement control (Gaski, 1984), and to increase commitment and loyalty (Mohr & Nevin, 1990).

Communication quality is also well thought-out to affect technical and functional quality (Sharma & Patterson, 1999). Clark (1992), Stewart (1992), and Headley and Choi (1992) declare that communication is an essential element for accomplishing far above the ground professed service quality at the same time as Benson (1994) puts forward that a financial services are amalgamation of technical acquaintance and communicative skill. Strong communication expertise are considered necessary to guarantee that banking services customers comprehend financial provisions (and as a result turn out to be more self-assured in their capability to evaluate financial menaces and upshots) and to facilitate them through the expected ups and downs of changeable investment performance (Sharma & Patterson, 1999). Moreover, Benson (1994) suggests, effectual communications are essential prerequisite of flourishing financial services. Morgan and Hunt (1994), Moorman *et al.* (1993) and Anderson and Narus (1990) put emphasis on the fact that opportune communication is vital to bring into line perceptions and as a consequence cultivates trust.

It is confirmed by the literature that higher communication quality can play a potent part in raising customers' visions on the subject of service excellence particularly in financial

services. Such affirmation by the literature made the case stronger to examine impact of communication quality in financial services particularly in banking sector as it has not attained much of researchers' attention in due course. Furthermore, a comprehensive knowledge of the nature and direction of the relationship between communication quality and customer advocacy can confer confidence to the (banking) service providers to be wary of their communications, as well as can also support them in upholding a suitable quality of communication for a given service encounter. According to Somer (2004) both facets of communication; quality and quantity found to be positively related with relationship outcomes. Current study examined both verbal and non-verbal communications of service provider. The study operationalized communication quality by incorporating major facets of communication; accuracy, trustworthiness, completeness, and timeliness, since these are the ones found common in almost all of the descriptions provided by scholars (for example Daft & Lengel, 1986; Montgomery, 1988; Moorman *et al.* , 1993; Morgan and Hunt, 1994).

2.4 Customer Satisfaction (Mediating Variable)

Customer's by and large appraisal of his/her experience with the firm can be termed as satisfaction with the firm. Seeing businesses' globally rising competition, time-consuming growth rates, and price strains, more and more concentration is being positioned on customer satisfaction (Johnson & Fornell, 1991). Satisfaction is an imperative determinant of customer retention which ultimately affects business's profitability (Reichheld & Sasser, 1990). Therefore it occupies a very significant position in the formation of marketing strategy and public policy (Fornell & Wernerfelt 1987, 1988; Simon, 1974).

Marketing researchers have always been allocating substantial consideration to customer satisfaction (e.g., Oliver, 1980; Churchill & Suprenant, 1982; Oliver & DeSarbo, 1988; Yi, 1991; Fornell, 1992; Anderson & Sullivan, 1993). Customer satisfaction is, by and large taken to be a post utilization assessment reliant on professed value or quality, anticipations, and affirmation/nullification - the extent of inconsistency between real and anticipated quality (Yi, 1991). Furthermore, customer satisfaction may relate to a particular transaction or concern to an overall appraisal of a specific brand or firm (Oliver, 1980; Johnson and Fornell, 1991; Anderson and Fornell, 1993). In the same line of thought Anderson and Fornell (1993) argue that customer satisfaction assessment can be pretty precise in nature it might be a specific subset of experience and/or specific attribute but may also be a snowball effect of all previous experiences with a product or service.

Over the last two decades or so, a more economic psychology-based term "cumulative satisfaction" attained recognition, which simply takes into account customer's overall exposure to date with the firms' offerings (Johnson and Fornell, 1991). This description is steady with those in both welfare economics (Simon, 1974) and economic psychology (Wärneryd, 1988) as well as with consumption utility (Johnson et al., 2000). An essential pro of the cumulative satisfaction conception over transaction specific one, is that it is more capable to foretell consequent behaviors and economic performance (Johnson, Anderson & Fornell, 1995; Fornell et al., 1996). This is for the reason that customers formulate repurchase assessments and choices founded on their experience so far, not because of a specific transaction or event (Johnson et al., 2000). Therefore the current study took overall customer satisfaction into account and operationalized customer

satisfaction as an overall experience of the customer with the offerings of the service provider.

Smith and Houston (1982) brought in the view that satisfaction with services is allied to confirmation or disconfirmation of anticipations. They founded their investigation on the disconfirmation model, which upholds that satisfaction is associated with the dimension and intensity of the disconfirmation occurrence where disconfirmation is connected to the customer's preliminary hopes (Churchill & Suprenaut, 1982). Oliver (1980, 1997) time and again regarded disconfirmation of expectations paradigm to be the basis of most prevailing model in customer satisfaction research. In accordance with this model, satisfaction is created by a mental process of comparison between perceived performance and pre-purchase expectations. There occurs satisfaction when perceived performance is greater than expectations, but disconfirmation (dissatisfaction) occurs if it is lower than anticipations. If the product performs as expected the evaluation causes in moderate satisfaction or unresponsiveness (Matzler et al., 2004). As has been anticipated by Kano (1984); in this framework it is essential to differentiate between varying kinds of quality attributes. According to description given by him, there are three groups in which quality attributes are sorted with a dissimilar effect on customer satisfaction. Fundamental factors (dissatisfiers) if not discharged; are least necessities that result in dissatisfaction but do not cause customer satisfaction if execute or surpassed. Furthermore, downbeat performance as compared to upbeat performance on these attributes has a superior effect on cumulative satisfaction. Therefore providing customers with fundamental requisites is indispensable, but not adequate clause for satisfaction. The customer regards basic factors as nuts and bolts; they are taken for granted. The aspects if fulfilled which amplify

customer satisfaction but if they are not fulfilled do not result in dissatisfaction. Therefore upbeat performance on these aspects has a significant impact on overall satisfaction than downbeat performance are known as excitement factors (satisfiers). They basically astonish the customer and create "amusement." Finally if performance is high performance factors bring about satisfaction and if performance is low they cause dissatisfaction. Marketing research has utilized the basic idea of his model extensively (Gale, 1994; Johnston, 1995; Vavra, 1997; Oliver, 1997; Anderson & Mittal, 2000; Matzler & Sauerwein, 2002).

Satisfaction literature, opposing to the value literature, states that chief and straight link to outcome measures is customer satisfaction (e.g., Anderson & Fornell, 1994; Clow & Beisel, 1995; Mohr & Bitner, 1995; Fornell et al., 1996; Spreng, Mackenzie, & Olshavsky, 1996; Hallowell, 1996; Andreassen, 1998; Athanassopoulos, 1999; Bolton & Lemon, 1999; Ennew & Binks, 1999). It is well recognized that customer satisfaction can have an effect on customer retention and profitability (Reichheld & Sasser, 1990; Mano & Oliver, 1993; Oliver, 1993, 1997; Anderson & Fornell, 1994; Price, Arnould, & Tierney, 1995). Perceived value is projected to elucidate both repurchase intention and word of mouth directly, but more significantly to its influence on word of mouth through customer satisfaction (Dodds & Monroe, 1985; Monroe & Chapman, 1987; Dodds et al., 1991; Fornell et al., 1996). Customer's assessment of service quality and the consequential echelon of customer satisfaction are considered to establish the possibility of repurchase and eventually have an effect on bottom line measures of business success (Iacobucci, Grayson, & Ostrom, 1994).

In wrapping up, a lot of imperative outcomes - word-of-mouth, loyalty, complaints - have been credited to customer satisfaction (Anderson, 1994). The most imperative of these outcomes is debatably the positive impact of customer satisfaction on repurchase behavior (Reichheld & Sasser, 1990; Fornell, 1992).

2.5 Preferential Treatment (Moderating Variable)

To retain valued customers firms ever more implement a strategic loom, treating selective customers preferentially (Zabin & Brebach, 2004). Even though the impression of a firm providing its best customers with improved value proposition inducements in addition to superior service is undoubtedly not new (Dameron, 1941).

Sheth and Parvatiyar (1995, p. 264) documented that “implicit in the idea of relationship marketing is consumer focus and consumer selectivity—that is, all consumers do not need to be served in the same way.” This center of attention and selection on the whole is recognized as preferential treatment by consumers in general (Bitner, 1995; Gwinner, Gremler & Bitner, 1998). Preferential treatment has been viewed as customization of the service offering, whereby service provider may modify their service to meet the specific needs of regular customers (e.g. Gwinner et al., 1998). As the above passage demonstrates, this service customization benefit can include the customer's perception of privileged handling, additional consideration or special acknowledgment, and exceptional service not accessible to other customers. In the same line of thought preferential treatment has been described by De Wulf et al. (2001) as regular consumer’s insight of the degree to which a vendor cares and serves him or her better than other non-regular customers.

Preferential treatment in relationship marketing has been momentarily declared in the literature (Hakansson, 1982; Barlow, 1992). Crosby (1991) recommends "core service upgrading" and Berry (1983) "service augmentation" as modes to endow with preferential treatment to customers to recompense their devotion. Some authors regard preferential treatment as a relational benefits dimension (e.g. Hennig-Thurau et al., 2002). They describe relational benefits like the benefits that are made available ahead of the core service offering and that customers most likely get hold of due to having sustained a long-standing association with the service provider; which take account of assurance benefits, communal benefits, and unusual handling benefits.

Preferential treatment could also be taken as customer's sensitivity that he/she is given out of the ordinary credit from a store or a mall by way of enhanced service which is not offered to non-regular customers (Wang & Ha, 2011). Zahay and Griffin (2003) characterize preferential treatment as the capability of the firm to deal with an individual in such a manner that takes into consideration, his or her distinctive reaction and make an allowance for a customer's response to preceding communication. In a lot of firms, members of staff are authorized to move away from inflexible courses of action when dealing with customers who have unique demands (Claycomb & Martin, 2002). Loyalty of customers is also rewarded by giving them preferential treatment in terms of superfluous identification, superior service and extra efforts not accessible to non-loyal customers (Wulf & Schroder 2003).

Main purpose of preferential treatment is to give elevated social rank gratitude and/or supplementary and improved products and services in addition to the average value offerings and service practices to the chosen customers (Lacey, Suh, & Morgan, 2007).

This approach embraces price cuts, a quicker service, ways out to every probable service malfunctions, and supplementary and/or tailored services (Gwinner, Gremler, & Bitner, 1998). Privileged dealing with preferred customers is one of the strategies used by firms that aspire to put relationship marketing into practice (Neira, 2009). This sort of preferential treatment is thought to be consistent with relationship marketing, as it entails conceding chosen customers out of the ordinary status with the intention of developing or strengthening a steady relationship between customers and the firm (Lacey et al., 2007). The current study operationalized preferential treatment (PT) as preference given to regular customers on non-regular customers in terms of faster and better service by the service provider since they are found to be the gist of majority of the PT descriptions by the scholars. (Gwinner, Gremler, & Bitner, 1998; De Wulf et al., 2001; Lacey, Suh, & Morgan, 2007; Wang & Ha, 2011)

Employment of relational strategies such as customization, preferential treatment, and communication is significant not only for customer retention but for enhancing positioning as well (e.g. Camarero, 2007). It is extensively acknowledged that companies should set comprehensible preferences among their customers and assign resources that are a symbol of these preferences (Zeithaml, Rust, & Lemon, 2001). This scheme of customer preference entails that preferred customers get special and preferential treatment on the subject of marketing instruments (e.g., Bolton, Lemon, & Verhoef, 2004).

On the other hand, the code of customer prioritization is also frequently challenged (Homburg, Droll, & Totzek, 2008). For all intents and purposes, three disagreements are stated in opposition to setting preferences among customers. Foremost, customer preferential treatment can put down lower-precedence customers disgruntled (Brady,

2000; Gerstner & Libai, 2006). Next, allocating preferential treatment on a restricted number of customers may abandon probable economies of scale (Johnson & Selnes, 2004, 2005). Finally, an impartial assortment of top-tier and bottom-tier customers may allow companies to evade the risk of picky top-tier customer relationships (Dhar & Glazer, 2003). In the same line Peppers, Rogers, and Dorf (1999) brought forward their observation; that several firms aim to prioritize among their customers but do not succeed to put into practice such a policy as it should be. It may be the case that customer prioritization is robustly there in a firm's marketing line of attack, but might not be there in the real allotment of resources and the utilization of marketing instruments (Homburg et al ,2008). Likely causes for this dilemma comprise that a firm's organization, procedures, and mores might not hold up a distinguished handling of customers (e.g., Zablah, Bellenger, & Johnston, 2004; Shah et al. 2006). This inspection is corresponding to the influential work of Mintzberg (1978), who differentiates between planned and practiced stratagems and demonstrates that several planned stratagems hang about unpracticed. In a related stratum, Bonoma (1984, p. 69) argues that "it is invariably easier to think up clever marketing strategies than it is to make them work."

While counter arguing with the critics of preferential treatment, Homburg et al (2008) state; firms that ignore customer prioritization may assign excess of exertion to undersized customers. By all means it is wasteful since small-volume customers make marketing and sales costs to go higher as compared to sales than elevated volume customers (Niraj, Gupta, & Narasimhan, 2001). Thus, prioritizing customers more willingly than handling all customers in the same way should bring about a more proficient use of marketing reserves (Homburg et al , 2008). While a service provider

constructs plan and technical framework to augment customer service treatment and value propositions among specific customers, the price tag of service delivery shoots up; other than being a contentious carry out, preferential treatment transmits likely significant cost-effective implications to firms (Lacey et al, 2007). Furthermore Lacey et al (2007) state that; numerous firms deem that it is not only economically impractical but also functionally unrealistic to increase value propositions and/or enlarge service prerogatives to each and every one of its customers, particularly when the majority of firms have a number of tiers of customers in the sense of productivity and there is noteworthy assortment among customer tiers. It has also been recommended that customers' views of preferential treatment can appreciably affect powerful customer relationships (Berry, 1995). Preferential treatment emerges to seize assurance as a dominant relationship driver to magnetizing, expanding, and holding flourishing marketing relationships (Gwinner, Gremler, & Bitner, 1998).

2.6 Relationship between Perceived Communication Quality (IV) and Customer Advocacy (DV)

The direct relationship between communication quality and customer advocacy has been empirically verified by Walz and Celuch (2010). Moreover, Mohr and Spekman (1994) have also regarded communication quality to be the chief factor of accomplishment for budding relationships. Since communication is the fundamental influential course of action, it evidently adds to the founding of a strong firm-customer bonding (Lewicki & Litterer, 1985). Furthermore, since Sommer (2004) as well proved communication quality and quantity to be impacting relationship outcomes positively, so it was hypothesized that:

H1: Perceived communication quality has positive impact on customer advocacy.

2.7 Relationship between Perceived Communication Quality (IV) and Customer Satisfaction (Mediating Variable)

Overall satisfaction depends on factors that transpire across transactions (Shankar, Smith & Rangaswamy, 2002). Service provider's communication is that obvious factor which remains there in every transaction and can have combined effect on customer's overall satisfaction. Though customer satisfaction has not been studied exactly in relation to communication quality but it has been investigated by some related variable. Shankar, Smith and Rangaswamy (2002) established that appropriate information leads to higher customer satisfaction. Since communication can also be referred as flow of information, so it was hypothesized that:

H2: Perceived communication quality has positive impact on customer satisfaction.

2.8 Relationship between Customer Satisfaction (Mediating Variable) and Customer Advocacy (DV)

Several researchers have found 'customer satisfaction' as the primary and direct link to outcome measures (e.g., Anderson & Fornell, 1994; Andreassen, 1998; Athanassopoulos, 1999; Bolton & Lemon, 1999; Clow & Beisel, 1995; Ennew & Binks, 1999; Fornell et al., 1996; Hallowell, 1996; Mohr & Bitner, 1995; Spreng, Mackenzie, & Olshavsky, 1996). Although impact of customer satisfaction is not found exactly on customer advocacy, but there are some empirical proofs of the positive relationship between customer satisfaction and Word-of-Mouth (File & Prince, 1992; Hennig-Thurau, Gwinner,

& Gremler, 2002). Since customer advocacy is considered to be a step ahead of Word-of-Mouth communications, therefore it was hypothesized that:

H3: Customer Satisfaction has a positive impact on customer advocacy.

2.9 Mediation

It is empirically proved that satisfaction frequently mediates the relationship between perceptions of quality levels and behavioral intentions (Cronin et al., 2000; Cronin & Taylor, 1992; Gottlieb et al., 1994; Spreng & Singh, 1993). The mediating effect of customer satisfaction is unavoidable in between after-sales service quality and behavioral intention in electronic goods market (Vanniarajan, 2011). Abundant of researches have tested relationships between service quality and loyalty, hypothesizing an indirect impact (e.g. Ostrowski et al., 1993; Patterson & Spreng, 1997; Pritchard & Howard, 1997; Andreassen & Lindestad, 1998; Santouridis & Trivellas, 2009) mediated by satisfaction. Rust and Zahorik (1993) and Storbacka et al. (1994) found service quality to be positively correlated with satisfaction that leads to increased purchase (loyalty). Ishak et al. (2006) also found client satisfaction construct mediate the relationship of service quality and client loyalty. Also in the context of tourism industry satisfaction is found to be a key mediator of the relationships between perceived value and repurchase intentions and perceived service quality and repurchase intentions (He & Song, 2009). Results of the study conducted by Huang (2012) specify that by increasing customer satisfaction relationship quality can cause customer loyalty. In his meta-analysis regarding relationship marketing, Palmatier et al. (2006) emphasized that in the relationship marketing models both satisfaction and relationship quality are customer-attentive relational mediators. In such models, the independent variables are affiliation advantage,

vendor proficiency, interface regularity and the products are worth-of-mouth, customer loyalty and seller objective performance.

To investigate the mediating role of customer satisfaction signaling theory (Spence, 1974), can be flawlessly applied, between perceived communication quality and customer advocacy. Researchers, who write with reference to marketing signals, time and again delineate them in accordance to their own vicinity of examination. In spite of the functional temperament of this notion, a signal is an indication that prompts some action by customers, opponents, or other stakeholders, and it is greatly a communication function (Duncan & Moriarty, 1998). The study of communication is regarded by Schramm (1973, p. 3) as a study of relationships: "Society is a sum of relationships in which information of some kind is shared." He further puts forward that "to understand human communication we must understand how people relate to one another." Putting it into other words relationships, are not possible devoid of communication. So it can be argued that if service providers want to establish customer advocacy which is ultimate test of relationship between firm and customer (Bendapudi & Berry, 1997), then they must signal high quality communication towards their customers. Nevertheless under the conditions of information asymmetry and in the extremely competitive world of a large number of service providers, customers deal with a higher extent of uncertainty in evaluating and making the right choices, and are more likely to depend on certain cues to estimate quality (Dawar & Parker, 1994). This is very much obvious that if such uncertainty in decision making is diminished by removing information asymmetry, an ease for customers would be created causing customer satisfaction. Information asymmetry can never be better sorted out without service providers' communication quality since higher communication quality transmit continuous flow of relevant

information which subsequently make customers to take better decisions causing higher satisfaction (Shankar, Smith, & Rangaswamy, 2002). Besides, it's been proven by research that in interpersonal relationship between firms and customers, only satisfied customers exhibit advocacy behavior thus the relationship between communication quality and customer advocacy is not possible without having interceding effect of customer satisfaction. For instance, File and Prince (1992, p. 25) have posited while discussing about satisfied customers; "that is, they will tell others who were external to the transaction of their pleasure with the service and the service provider". Hennig-Thurau et al (2002) focus on the affirmative connections of service quality constructs (satisfaction and commitment) and consumer outcomes for instance customer loyalty and word-of-mouth communications (WOM) in the viewpoint of services. Pragmatically, satisfaction is found to have the strongest impact on the customer's WOM and loyalty (Hennig-Thurau et al., 2002). In the same line of thought, Verhoef et al. (2002) found a positive relationship between customer satisfaction and customer advocacy in the shape of customer recommendations. In the light of signaling theory (Spence, 1974) it becomes a chain like relationship. So, it was asserted that customer satisfaction come into being when a firm signal higher communication quality and leaves positive impact on customer's behavioral intention to advocate services. Therefore it was hypothesized that:

H4: Customer Satisfaction mediates the relationship between perceived communication quality and customer advocacy.

2.10 Moderation

Firms are looking for more effectual relationship activities to get better firm consequences of customer relationship by delivering relationship benefits, which

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customers perceive as preferential treatment. Statistical evidence shows moderating role of such treatment on the relationship between firm's relationship activities and firm consequences (Zhang, 2005). Kong and Zhang (2011) empirically proved that in the sports medicine area, perceived justice have dissimilar impact on customer satisfaction and customer loyalty between different relationship benefits customers. When the relationship benefits are higher, distributive justice and interactional justice have noteworthy impact on customer satisfaction and customer loyalty, although customers are not satisfied, however they would stay loyal. When the relationship benefits are lower, interactional justice has significant impact on customer satisfaction, and customers stay loyal only when they are satisfied. Furthermore they proved that relationship benefits play moderating role in service recovery, if customers receive the relationship benefits, even though the service does not meet up their expectations, even then customers would uphold the relationship with the firm.

Customers make interpersonal relationships with service staff. These bonds between the customers and the firm bring about the former getting preferential treatment in the form of social benefits (Berry & Parasuraman, 1991). Practical verification in the perspective of loyalty illustrates that social benefits moderate the relationship between diverse facets of satisfaction and elected measures of loyalty. For case in point, Jones, Mothersbaugh, and Beatty (2000) showed that the social benefits moderate the relationship between satisfaction and repurchase behavior. In the same way, Crosby, Evans, and Cowles (1990) present some shore up for such a moderating effect. They were capable to reveal that the quality of the relationship between salesperson and the customer establishes the possibility of sustained transaction. Holloway (2003) converses social benefits as

switching obstacle, which particularly manipulate the relationship between the perceived service quality and satisfaction. In the same line of thought Blut et al. (2007) found the moderating effect of social benefits on the relationship between cognitive and affective loyalty.

A literature review of the signaling theory (Spence, 1974) emphasizes that signals are by and large extrinsic to the product and are more assertively appraised by customers (Wells et al, 2011). Extrinsic signals are characteristics that are not inbuilt to the offering under assessment, such that elemental nature of the offering does not change by variations in these characteristics (Richardson et al., 1994). Intrinsic signals are characteristics that vary the elemental nature of the product, if varied (Richardson et al., 1994). In case of services where issues of intangibility and uncertainty are inherent customers are more probable to rely on extrinsic signals to appraise service being consumed (Dawar & Parker, 1994; Zeithaml, 1988). Known the defies of complexity of firm's offerings (Kim & Niehm, 2009), attributes extrinsic to the main offering may be improved more proficiently than intrinsic attributes, such as customized information and assistance (e.g., Jiang & Benbasat, 2005, 2007; Loiacono et al., 2007). In the same line of thought, preferential treatment that has been considered as customization of the service offering, whereby service provider may amend their service to convene specific needs of regular customers (Gwinner, Gremler & Bitner, 1998) can also be utilized as an extrinsic signal. This preferential treatment can signal privileged handling, additional consideration or special acknowledgment, and exceptional service not accessible to other customers. It is extensively acknowledged that companies should set comprehensible preferences among their customers and assign resources that are a signal of these preferences (e.g., Zeithaml,

Rust, & Lemon 2001). Moreover the service facet of preferential treatment has been found as an influential player in distinguishing advocates from mere supporters (White & Schneider, 2000). Such preferential treatment signals a firm's efforts to modify the service that it offers to individuals. This aspect summarizes much of the center of Relationship Marketing, which is intended to make customers feel less like "numbers" and more like esteemed customers whose needs are acknowledged and satisfied by the firm (Brierly, 1994). Furthermore, merely relying on core service attributes cannot assure customer satisfaction, since according to theory and practice it requires added efforts to gratify customers (White & Schneider, 2000). It can be inferred from the description that if firms want to achieve higher levels of customer satisfaction then they must make them feel privileged. Preferential treatment is one of the strategies employed by the firms that aim to keep their customers in high spirits (Varela-Neira, 2010). Therefore it was posited that when along with higher perceptions of communication quality if customers are additionally given preferential treatment, their level of satisfaction would be augmented. Hence, it was hypothesized that:

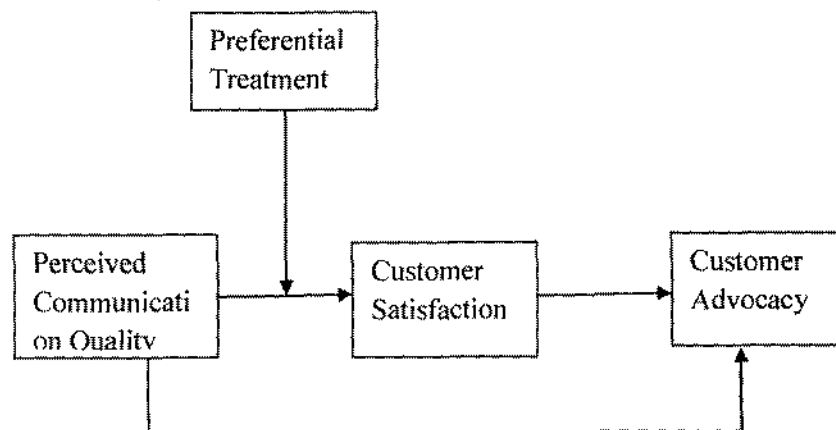
H5: Preferential treatment moderates the relationship between perceived communication quality and customer satisfaction, in such a way that the relationship between perceived communication quality and customer satisfaction will be stronger in the presence of preferential treatment.

Preferential treatment was taken as moderator between perceived communication quality and customer satisfaction, since preferential treatment has its roots in relationship marketing and customer satisfaction is the primary requirement in making relationships with customers (Gwinner, Gremler & Bitner, 1998; Barlow, 1992). According to the concept once firm is successful in satisfying the customer, it focuses on the ways and

means to retain the customer, hence making long-term relationships (Neira, 2009). This relationship between the customers and the firm bring about the former getting preferential treatment (Berry & Parasuraman, 1991).

2.11 Proposed research model

The study proposed that perceived communication quality and customer satisfaction have positive impacts on customer advocacy. Moreover preferential treatment moderates the direct impact of perceived communication quality on customer satisfaction, additionally customer satisfaction mediates the relationship between perceived communication quality and customer advocacy.



CHAPTER 3

3. RESEARCH METHODOLOGY

3.1 Research Design

Basically it was a quantitative research along with a moderated-mediation model. Purpose of this study was hypothesis testing since, researcher explained the variance in dependent variable (customer advocacy) with respect to independent variable (perceived communication quality), mediating variable (customer satisfaction), and moderating variable (preferential treatment). The study intended to mark out the causes of customer advocacy, hence was a causal study, and was done in natural environment i.e. in non-contrived setting. It was a field study, whereby unit of analysis were individuals. Data was gathered just once, over a period of weeks in order to answer the research questions, therefore it was a cross-sectional study.

3.1.1 Population

Customers of retail banks of twin cities Islamabad and Rawalpindi made up the population for this research. Investigating the drivers of customer advocacy in banking sector is the need of the hour since, according to Ernst and Young Global Consumer Banking Survey (2012; p.3)

“Customer advocacy is gaining power. Word of mouth is gaining influence. Customers are listening to each other more than their banks or financial advisors. Globally, 71% seek advice on banking products and services from friends, family or colleagues, and 65% use financial comparison sites to find the best deals. The views of

online communities and affinity groups are also gaining importance. The use of social media as a source of banking information (by 44% of customers) is amplifying customers' voices, giving them greater power as advocates or critics."

Though in the above mentioned survey Pakistan was not included but the researcher of the survey emphasized on the generalizability of the findings by stating that; "Retail banking remains a local business, and the impact of customer challenges varies from market to market. Nevertheless, our experience tells us that key themes are often remarkably consistent across continents and between countries" (p. 1). Therefore, it can be argued that, Pakistani banking sector can also prove to be an appropriate context to study customer advocacy.

3.1.2 Sample design and Size

To collect data in more quick and economical way, nonprobability sampling design was utilized. Information was accumulated from those bank customers who were conveniently available to provide it.

According to 'Rule-of-10'; 10 participants per item in the instrument being used makes a sufficient sample size (Arrindell & Van Der Ende, 1985; Velicer & Fava, 1998). Total number of items utilized in instrument were 19, by adding 4 items of Customer Advocacy adopted from Walz and Celuch (2010), 8 items of Communication Quality adapted from Walz and Celuch (2010), 4 items of Customer Satisfaction (Caruana, 2000), and 3 items of Preferential treatment (Lam, Cheung & Lau, 2013). Consistent with the rule-of-10 minimum sample size for this study was 190 (19 X 10), but to test aforementioned moderated-mediation model author kept the sample size up to 350.

3.1.3 Sample and Data Collection

Data was collected by distributing questionnaires in different private and public sector organizations located in Islamabad and Rawalpindi through personal references. Following were some of the reasons for employing questionnaire as data collection instrument:

- More respondents could participate with ease since it was not that time consuming and they could fill it up anytime and anywhere.
- Data could be collected in less time.
- It was a simpler way to code and interpret responses.

Response rate for the survey was 87%, since out of 350 distributed questionnaires 305 were received back. Out of 305 received questionnaires 289 were complete and were utilized (response rate 82%).

Demographics:

Mean age of respondents was between 30 to 39 years (SD=1.08) years with average working experience with the present organization was 2.5 (SD=1.39) years. 69% respondents were male and 31% were female.

Majority of the respondents i.e. 88.9% were employed, 4.4% were self-employed, whereas very few were students (4.8%) or unemployed (1.8%). Income level of respondents ranged from below Rs.50,000 (58.0%) to above Rs. 250,000 (1.1%). The breakdown of this range was as follows; Rs. 50,000 to Rs. 100,000 (25.4%), Rs. 101,000 to Rs. 150,000 (6.8%), Rs. 151,000 to Rs. 200,000 (7.6%), Rs. 201,000 to Rs. 250,000

(1.1%). Respondents were categorized into three management levels including employees working in top management (12.1%), middle management (46.3%), and lower management level (41.7%). Majority of the respondents i.e. 80.2% were from private organizations, few were from semi-government (11.2%) or purely government organizations (8.5%). The qualification of respondents was categorized as middle (2.5%), high (2.2%), intermediate (3.6%), high secondary (3.2%), undergraduate (13%), graduate (69.7%), doctorate (2.9%), and post-doctorate (2.9%).

Information regarding bank accounts of respondents was vital to be collected. Respondents were asked about the number of bank accounts they had. As expected, majority of them i.e. 45.3% of the respondents had only one bank account, whereas 35.9% had two, 13.8% had three, 4% had four, and only 1.1% had five bank accounts. Before asking for any other information it was notified that respondents must answer rest of the questions keeping in mind their most preferred bank. Subsequently, 9% of the respondents turned out to be holding business account, 40.3% personal account, and 50.7% had employee account. Nature of their bank accounts was such that 25.7% had savings account, 73% had current account, and 1.4% had fixed deposit account. Out of these 53.9% had no credit card, whereas 21.8% had silver, 15% had gold, 1.5% platinum and 7.8% had some other type of credit cards.

3.2 Measures

All measures were obtained from “self report” questionnaire since self reporting is considered as more appropriate for the variables taken in this research. More or less all

items were measured on a five point Likert scale 1 through 5, where “1” indicates strongly disagree and “5” indicates strongly agree. Measures and adopted scales are discussed in detail in the passage given below.

3.2.1 Perceived Communication Quality (CQ)

An 8-item scale of Perceived Communication Quality was used adapted from Walz and Celuch (2010) reliability of which was .79. It was measured on 5 point likert scale. High scores indicated a strong Perception of Communication Quality of the service firm. The cronbach’s alpha reliability of 0.813 was obtained for this 8-item scale.

3.2.2 Customer Satisfaction (CS)

To measure customer satisfaction four-item scale by Caruana (2000) was utilized, reliability of which was 0.79. Respondents were asked to consider their relationship with their current bank and reveal the extent to which they were satisfied with their bank.

The cronbach’s alpha reliability coefficient for Customer Satisfaction was 0.852.

3.2.3 Preferential Treatment (PT)

To measure Preferential Treatment a three-item scale was used (Lam, Cheung, & Lau, 2013). The reliability of which was 0.908.

Items included the statements such as “I can enjoy exclusive benefits of being customer of my bank”, “I often receive exclusive benefits and service by my bank”, and “I often receive personalized products or services promotion provided by my bank.” In this study cronbach’s alpha reliability coefficient of 0.833 was obtained for this construct.

3.2.4 Customer Advocacy (CA)

Customer advocacy was measured by four items from Walz and Celuch (2010) evaluated respondents' behavior concerning communication targeted to acquaintances, and others. Reliability of which in the previous research is proven to be 0.85. In this study cronbach's alpha reliability coefficient of 0.898 was obtained for this construct.

3.3 Control Variables

To identify the control variables, One-way ANOVA was used for all dependent variables and it was revealed that "Income Level" was significant for Customer Advocacy.

Table 1. ONE WAY ANOVA of all dependent variables for "Income Level"

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
CS	Between Groups	5.699	5	1.140	1.740	.126
	Within Groups	169.004	258	.655		
	Total	174.704	263			
CA	Between Groups	13.282	5	2.656	3.470	.005
	Within Groups	197.527	258	.766		
	Total	210.810	263			

As shown in Table 1, Income Level (which describes the income levels in Pak Rs.; below 50,000, 51,000-100,000, 101,000-150,000, 151,000-200,000, 201,000-300,000, Above 300,000) produced significant difference in Customer Advocacy (F=3.470, P <.01).

Results indicated that for Customer Advocacy Income Level had to be controlled.

3.4 Procedure

3.4.1 Data Analysis Tools

For data analysis purpose software; SPSS 15 was used. Different tests were taken to analyze the data. Reliability Analysis of scales was used to measure internal consistency of scales. All scales had Cronbach's alpha value more than 0.8. Q-Q Plots were generated to check the normality of the data. Normal distribution of data with skewness and kurtosis for all variables was shown through frequency tables, Histograms Charts with bell curves. Through descriptive statistics Mean and Standard deviations were obtained. To find the inter-correlations among study variables Bi-variate Correlation analysis was applied. To test direct relationships i.e. between Perceived Communication Quality and Customer Satisfaction, between Customer Satisfaction and Customer Advocacy, between Perceived Communication Quality and Customer Advocacy Linear regression analysis was utilized.

Moderated Regression Analysis was used to investigate the interactional effects of Preferential Treatment on the relationship between Perceived Communication quality and Customer Satisfaction.

To test the mediation effects of Customer Satisfaction between Perceived Communication Quality and Customer Advocacy, Mediated Regression analysis was conducted.

Procedures, recommended by Baron and Kenny (1986) were adopted. Since there were no variables to be controlled so in first step, the Independent variable which was Perceived Communication Quality and moderator i.e. Preferential Treatment, were

entered. In the next and final step interaction term of independent variable and the moderator (which was entered in the first step), was introduced.

CHAPTER 4

4. RESULTS

4.1 Hypothesis

The study tested the following hypotheses:

Hypothesis 1: Perceived communication quality has positive impact on customer advocacy.

Hypothesis 2: Perceived communication quality has positive impact on customer satisfaction.

Hypothesis 3: Customer Satisfaction has a positive impact on customer advocacy.

Hypothesis 4: Customer Satisfaction mediates the relationship between perceived communication quality and customer advocacy.

Hypothesis 5: Preferential treatment moderates the relationship between perceived communication quality and customer satisfaction, in such a way that the relationship between perceived communication quality and customer satisfaction will be stronger in the presence of preferential treatment.

Table 2. Means, Standard Deviations, Correlations and Reliabilities for the main variables in the study

	Mean	SD	CQ	CS	PT	CA
CQ	3.3620	0.7509	(0.831)			
CS	3.3780	0.8001	.677**	(0.852)		
PT	3.1291	0.8976	.441**	.558**	(0.833)	
CA	3.3079	0.8909	.491**	.670**	.590**	(0.898)

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed)

Note: N=289; Alpha reliabilities given in parentheses

4.2 Descriptive Statistics

The main descriptive statistics including means, standard deviations, correlations and reliabilities for the main variables of interest in this study are presented in Table 2. The mean for Perceived Communication Quality 3.3620 (SD=0.7509).

The mean for Customer Satisfaction was 3.3780 (SD=0.8001). The mean for Preferential Treatment was 3.1291 (SD= 0.8976) and the mean for Customer Advocacy of 3.3079 (SD=0.8909).

4.3 Bi-variate Correlation Analysis

The bivariate correlation analysis for all variables was conducted that resulted that all variables were significantly correlated with one another. Perceived Communication Quality found to be positively correlated with Customer Satisfaction ($r = 0.677, p < .01$),

positively correlated with Preferential Treatment ($r = 0.441, p < .01$), positively correlated with Customer Advocacy ($r = 0.491, p < .01$). Customer Satisfaction showed positive correlation with Preferential Treatment ($r = 0.558, p < .01$) and Customer Advocacy ($r = 0.670, p < .01$). The relationship between Customer Advocacy and Preferential Treatment was also found to be significantly positive ($r = 0.590, p < 0.01$).

4.4 Regression Analysis

Several hierarchical regression analyses were carried out to test Perceived Communication Quality and Customer Satisfaction as predictors of Customer Advocacy. As well as to test moderating effect of Preferential Treatment and mediating effect of Customer Satisfaction analyses were run. In the first step of the regression analyses all control variables were entered and independent variable was entered into the model in the second step of analyses.

4.4.1 Perceived Communication Quality

Table 3. Regression analysis for the main effects of CQ on Customer Advocacy

Predictors	β	R^2	ΔR^2	Sig.
Step 1:				
Controls		0.025*		0.011
Step 2:				
CQ	0.496***	0.27***	0.245***	0.000

Note: N = 289; Control variable Income Level.

* $p < .05$, ** $p < .01$, *** $p < .001$

Hypothesis 1 predicted that Perceived Communication Quality (CQ) will positively impact Customer Advocacy (CA). The results of the regression analysis in table.3 revealed that Perceived Communication Quality (CQ) was a significant predictor of Customer Advocacy ($\beta = 0.496$, $p < .001$) and explained 27% variance in Customer Advocacy. Since the results are significant and in the predicted direction, therefore hypothesis 1 is strongly supported.

Table 4. Regression analysis for the main effects of CQ on Customer Satisfaction

Predictors	β	R^2	ΔR^2	Sig.
CQ	0.677***	0.458***	0.458***	0.000

Note: N = 289

* $p < .05$, ** $p < .01$, *** $p < .001$

Hypothesis 2 predicted that (CQ) will positively impact Customer Satisfaction. Results revealed that Perceived Communication Quality (CQ) was a significant predictor of Customer Satisfaction ($\beta = 0.677$, $p < .001$) and explained 45.8% variance in Customer Satisfaction. To test this hypotheses, I regressed the outcome variable Customer Satisfaction on Perceived Communication Quality (CQ). In case of Customer Satisfaction no controls were entered since none brought significant difference in Customer Satisfaction. The results of this regression analysis for the main effect of Perceived Communication Quality (CQ) on Customer Satisfaction are shown on table.4.

Since the results are significant and in the predicted direction, therefore hypothesis 2 is strongly supported.

4.4.2 Customer Satisfaction

Hypothesis 3 predicted that Customer Satisfaction will positively impact Customer Advocacy. To test these predictions I regressed the outcome variable Customer Advocacy on Customer Satisfaction. The results of the regression analysis revealed that Customer Satisfaction was a significant predictor of Customer Advocacy ($\beta = 0.667$, $p < .001$). These results confirmed Hypothesis 3.

Customer Satisfaction explained 46.8% variance in Customer Advocacy.

The findings of these regression analyses for the main effect of Customer Satisfaction on Customer Advocacy is shown below on table 5.

Table 5. Regression analysis for the main effects of Customer Satisfaction on Customer Advocacy

Predictors	β	R^2	ΔR^2	Sig.
Step 1:				
Controls		0.025*		0.011
Step 2:				
CS	0.667***	0.468***	0.444***	0.000

Note: N = 289; Control variable is Income Level.

* $p < .05$, ** $p < .01$, *** $p < .001$

As all the results are significant and in the predicted direction, therefore hypotheses 3 is strongly supported.

4.5 Mediation Regression Analysis

To test the hypotheses 4 Mediation regression analysis was adopted proposed by Baron and Kenny (1986). According to them three conditions are to be met to determine a mediation relationship.

First of all, the independent variable must prove to be a significant predictor of dependent variable.

Secondly, the independent variable must prove to be a significant predictor of mediator.

Thirdly, the mediating variable must act as a significant predictor of dependent variable when dependent variable is regressed on both the IV and mediator. Mediation holds when all three conditions are satisfied. If IV becomes non-significant when the mediator entered in the equation, then full mediation is ascertained and if the effect of IV is decreased when mediating variable is entered in the equation partial mediation is ascertained.

4.5.1 Customer Satisfaction as Mediator between Perceived Communication Quality and Customer Advocacy

Hypothesis 4 predicted that Customer Satisfaction will mediate the relationship between Perceived Communication Quality and Customer Advocacy. The findings of the regression analysis for hypothesis 1 and 2 in tables 3 and 4 revealed that Perceived Communication Quality is a significant predictor of Customer Advocacy and Customer

Satisfaction. Moreover, the results of hypothesis 3 as shown in table 5, revealed Customer Satisfaction as a significant predictor of Customer Advocacy. First two conditions for mediated Regression were fulfilled.

In order to check for the mediation effects of Customer Satisfaction, I regressed Customer Advocacy on Perceived Communication Quality and Perceived Customer Satisfaction together. The results of this regression analysis for the mediation effect of Customer Satisfaction in the relationship between Perceived Communication Quality and Customer Advocacy is shown in table 6.

When Customer Satisfaction was entered in the equation as a mediator, visibly considerable reduction in the effect size of Perceived Communication Quality was observed for Customer Advocacy (from $\beta = 0.496$, $p < .001$ to $\beta = 0.069$, $p > .005$)

Table 6. Regression analysis showing the mediating effects of Customer Satisfaction in the relationship between CQ and CA

Predictors	β	R ²	ΔR^2	Sig.
Step 1:				
Controls		0.025*		0.011
Step 2:				
CS	0.667***	0.468***	0.444***	0.000
Step 3:				
CQ	0.069	0.471	0.003	0.266

Note: N = 289; Control variable is Income Level.

* $p < .05$, ** $p < .01$, *** $p < .001$

Results support Hypothesis 4. These results also revealed that Customer Satisfaction fully mediated the relationship between Perceived Communication Quality and Customer Advocacy.

4.6 Moderated Regression Analysis

In order to test Hypothesis 5, I performed moderated regression analyses. Preferential Treatment was entered as moderator between Perceived Communication Quality and Customer Satisfaction.

4.6.1 Moderation with Preferential Treatment

Hypothesis 5 predicted that Preferential Treatment will moderate the relationship between Perceived Communication Quality and Customer Advocacy.

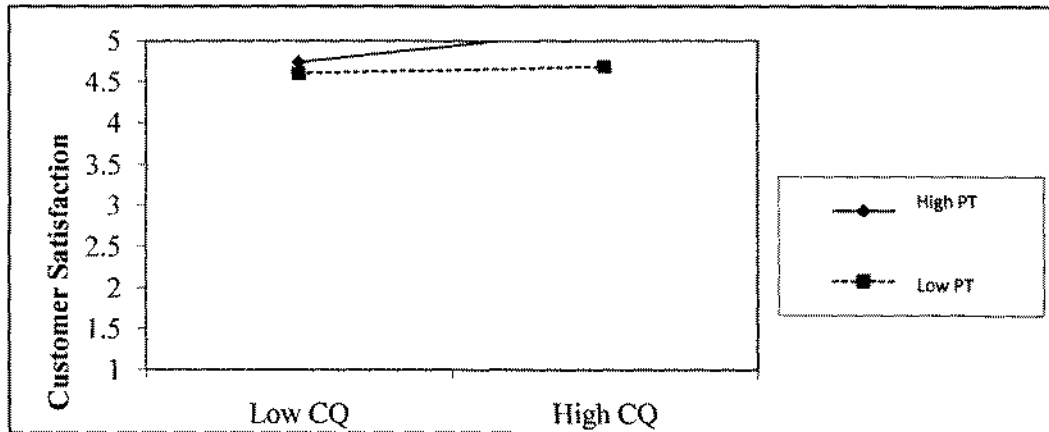
To test these hypotheses, independent variable i.e. CQ and moderator i.e. PT were centered round their means respectively. In first step I entered CQ(centered) and PT(centered) together and in next step interaction term (product of centered CQ and centered PT) was entered keeping CS as dependent variable.

Table 7 .Regression Analysis showing the moderating effects of Preferential Treatment in the Relationship between CQ and Customer Satisfaction (CS)

Predictors	β	R ²	ΔR^2	Sig.
Step 1:				
CQ PT		0.541***	0.541***	0.000
Step 2:				
Interaction Term	0.128***	0.557***	0.016***	0.002

Note: N = 289; Interactive_Term CQ X PT.

*p < .05, **p < .01, ***p < .001



Interaction Plot

Hypothesis 5 predicted that Preferential Treatment will moderate the relationship between Perceived Communication Quality and Customer Satisfaction such that it will be stronger when Preferential Treatment is High. Results revealed that Preferential Treatment was interacted with Perceived Communication Quality significantly

($\beta = 0.128$, $p < .01$) to predict Customer Satisfaction. Value of beta indicates that in case of higher level of preferential treatment the customer satisfaction will be even higher as a result. The interaction explained variance in Customer Satisfaction ($\Delta R^2 = 0.016$, $p < 0.01$). Furthermore, interaction plot clearly depicts significant impact of interaction. So hypothesis 5 was accepted.

CHAPTER 5

DISCUSSION

5.1 Major Findings

The key objective of this study was to scrutinize the significance of Customer Advocacy. Moreover the study also dissected backhand variables propagating Customer Advocacy behavior. The study proposed five hypotheses in total. All five hypotheses; H1, H2, H3, H4, and H5 were found to be true. The findings of the study are as follows:

- Perceived communication quality was found to have a positive impact on Customer Advocacy.
- Perceived communication quality was found to have a positive impact on Customer Satisfaction.
- Customer Satisfaction was found to have a positive impact on Customer Advocacy.
- Customer Satisfaction was found to have mediating impact on the relationship between Perceived Communication Quality and Customer Advocacy.
- Preferential treatment was found to have moderating impact on the relationship between Perceived Communication Quality and Customer Satisfaction, in such a way that the relationship between Perceived Communication Quality and Customer Satisfaction was stronger in the presence of Preferential Treatment.

5.2 Findings and Discussion

This study was aimed at investigating potential drivers which breed Customer Advocacy behavior, in the light of Signaling Theory (Spence, 1974). In general, the study empirically provided evidences that Perceived Communication Quality together with Preferential Treatment intensify the level of Customer Satisfaction, which in turn boost Customer Advocacy.

Highly significant impact of Perceived Communication Quality was found on Customer Satisfaction, this finding is in line with former researches which also linked the diverse dimensions of communication to satisfaction and came up with the same finding (e.g., Guiltinan, Rejab, & Rodgers, 1980; Keith, Jackson, & Crosby, 1990; Anderson & Weitz, 1992; Morgan & Hunt, 1994). In empirical terms the finding of the current study showed consistency (standardized coefficient = 0.677***) with the finding of the study done by Mohr and Sohi (1995) whereby they found standardized coefficient = 0.62 while testing the impact of communication quality on satisfaction; however they studied the relationship in manufacturer-dealer liaison. The current study focused on overall satisfaction which is overall outcome of numerous service encounters. In all these encounter the factor which always remains there is communication. This study revealed that Perceived Communication Quality has to be deemed as that unremitting factor which never respites and strongly impact Customer Satisfaction, hence needs to get more importance than ever before.

Largely, in the presence of equivalent core service providers in the market, intensifying satisfaction levels of customers becomes critical (Gwinner, Gremler & Bitner, 1998). Copious studies divulge that customers get satisfaction when in addition to the core

service performance they receive other relational gains in the form of preferential treatment (e.g., Gwinner, Gremler & Bitner, 1998; Barlow, 1992). Therefore the current study hypothesized that presence of Preferential Treatment as a strong firm's signal can extensively impact the relationship between Perceived Communication Quality and Customer Satisfaction. The findings were consistent with the hypothesis, since both standardized coefficient and change in R^2 turned out to be significant. The findings make the case even stronger, and direct service firms to indulge in providing Preferential Treatment to their customers.

Consistent with predictions, Perceived Communication Quality was a significant predictor of Customer Advocacy. The value of standardized coefficient was highly significant i.e. 0.496*** and was even higher than a previous study by Walz and Celuch (2010) who also studied the same relationship and their results revealed the value of standardized coefficient to be 0.37**. The difference could be because of the fact that, Walz and Celuch (2010) examined the relationship in different context i.e. regional coffee house chain, and current study was done in banking context. Since the impact of communication features on relationship outcomes is probable to be stronger in financial services than other service milieus because of multifaceted nature of the service (Sharma & Patterson, 1999).

Furthermore, strong impact of Customer Satisfaction was found on Customer Advocacy (standardized coefficient = 0.677***). Though this relationship has not already been established by earlier studies, however Cronin, Brady, and Hult (2000) examined the impact of satisfaction on behavioral intention and found standardized coefficient to be 0.41. This and numerous studies have emphasized the value of customer satisfaction for

firms, since it plays an essential role for success and survival of firms in today's competitive environment. Current study unveiled another important role played by Customer Satisfaction. It empirically showed and proved that Customer Satisfaction also brings higher level of Customer Advocacy behavior.

Customer Satisfaction is time and again tested and empirically proved under various contextual settings, to be the mediator in the relationships between perceptions of quality levels and behavioral intentions (Cronin & Taylor, 1992; Ostrowski et al., 1993; Spreng & Singh, 1993; Gottlieb et al., 1994; Patterson & Spreng, 1997; Pritchard & Howard, 1997; Andreassen & Lindestad, 1998; Cronin et al., 2000; Santouridis & Trivellas, 2009; Vanniarajan, 2011). Current study hypothesized to Customer Satisfaction to mediate the relationship between Perceived Communication Quality and Customer Advocacy. The findings were consistent with the hypothesis and Customer Satisfaction fully mediated the aforementioned relationship. Although, findings were steady in some way with propositions and findings of previous studies however were distinctive in a way that the relationship was tested and proved in banking sector.

5.3 Limitations

At the outset, the findings of the study are based upon cross-sectional data; more variations could be observed if longitudinal data was collected. It would be instructive to find out how long customers' perception of communication quality of the service firm can prolong to equalize any probable dwindles in satisfaction and advocacy behavior consequently. Furthermore, only one type of service i.e. banking service; was taken into consideration which limits the generalizability of the results.

5.4 Implications for Research

Current state of affairs reveals that customers cannot be satisfied merely with the core service hence not much likely to promote or defend their service providers; in such situation investigating the impact of preferential treatment was a leading one towards customer satisfaction and advocacy behaviors. The study has many implications for the research. Researchers can study behavioral intentions in the light of signaling theory (Spence, 1974), whereby they can examine core service attributes and value added services as signals. Potential moderating effect of preferential treatment can also be studied on numerous other relationships involving service providers' features and customer driven outcomes. The study underlines the call for to investigate deeply the role of core service features and customized service features in helping service providers to obtain favorable customer driven outcomes. The testing of hypotheses grounded in Signaling theory (Spence, 1974) affords pragmatic confirmation that customers use service features as signals peculiarly in appraising services. Further study should be conducted to address issues raised here. First, the study data entail that service customers are prone to seek supplementary treatment. For services, this finding appears to be potent since it's proven that if service providers want to populate customer advocates, then they need to amplify customer satisfaction levels by not only providing higher communication quality but preferential treatment as well. However, accessing which customers should be given preferential treatment is not readily perceptible and necessitates further research consideration.

The research contributed to the literature in following important ways.

- Customer advocacy was studied in the light of signaling theory (Spence, 1974), whereby perceived communication quality and preferential treatment played the role of signals.
- Secondly it explored the potential moderating effect of preferential treatment on the relationship between perceived communication quality and customer satisfaction.
- Thirdly it examined the mediating role of customer satisfaction between the relationship of perceived communication quality and customer advocacy.

The study not only filled a massive research gap, but also provided solution to the service providers, predominantly to the banks to win the hearts of their customers.

5.5 Implications for Managers

This study has a number of managerial implications. First, for firms specifically banks evaluating their communications, it is imperative to comprehend the stipulations under which deployment of those communications contribute to enhanced customer satisfaction and customer advocacy. Our results showing the importance of communication quality in realizing the benefits coming out of it could be functional to managers who have to decide the level of resources to be utilized in their banks' communications with customers. Managers in banking services that are not well-distinguished in terms of fundamental services should be familiar with the fact that well-controlled and helpful communication has a significant impact on customers' opinions. It leads to reliance, satisfaction, and devotion. Every customer contact points should be scrutinized for the communication quality and its effects. Every type of communication should be used as affiliation-amplifiers, providing the customer helpful and desired guidance and information, tied together in such a mode that the customer finds it unproblematic to comprehend and satisfying to take up.

Second, the importance of preferential treatment as a moderator for customer satisfaction suggests that in addition to executing high quality communications, managers should also make sure that additional benefits for customers are dispersed across customer touch points in order to amplify customer satisfaction.

5.6 Future Research Directions

Other communication aspects, such as deformation of communication memos, communication style, and irregularity of information control, can also be investigated. Also, interactions between the facets of communication could be explored in future research. A longitudinal analysis of communication may reveal how communication affects the evolution of customer behavior. Further investigation regarding the temperament and intensity of preferential treatment can be done. Since all customers are not alike, privilege for one customer may be a core need of the other customer. Therefore, researchers must examine deeply the personal characteristics of the customers as well. The tested model provides a long-drawn-out view of customers as advocates. The tested model incarcerates impending contributions of customers to share information and play a part in defending the service firm, both of which can be influential in improving the competence and efficacy of marketing performance. This research plainly does not endeavor to summarize all possible advocacy behaviors and outcomes of satisfied customers. Hence, another prospect to augment the developed model would be to examine other types of customer advocacy outcomes. Furthermore, while studying customer advocacy behavior moderating effects of customer's gender and his/her personality traits can be taken into consideration. It is highly recommended to test the model under different contextual settings.

5.7 Conclusion

The results of this research divulge that signaling higher communication quality and preferential treatment contributes to relationship marketing benefits (i.e., customer satisfaction and customer advocacy) valued by service firms. Consequently, to the extent to which firms can uphold precious customer relationships by giving customers eminent communal rank gratitude, significant recompenses, and improved customer service, both service firms and customers tend to be benefited from the execution of preferential treatment. In conclusion, whereas there is still a lot to be erudite about how service firms can generate and populate customer advocates, communication quality, preferential treatment and customer satisfaction emerge to play significant roles in the progression.

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APPENDIX:

Bank Customers Survey Questionnaire

This research project is conducted as part of researcher's MS degree program. The aim of the research is to determine satisfaction level and behavior of bank customers. The questionnaire is voluntary and the data collected is strictly **confidential**. Response of all the participants will be **anonymous** and participants will NOT be identified. You have the option not to answer a particular question. The data collected will be analyzed and used to identify any educational needs which can then be implemented as appropriate. Please note if you don't know the answer or don't want to answer a particular question then leave it blank.

Descriptive Information:

1. **Gender:** i). Male ii). Female
2. **Age:** i). 20 to 25 ii). 26 to 30 iii). 31 to 40 iv). 41 to 50 v). Above 50
3. **Occupation:** i). Student ii). Unemployed iii). Employed iv). Self-employed
4. **Qualification level:** i). Middle ii). High iii). Intermediate iv). High Secondary school v). Undergraduate vi). Graduate vii). Doctorate viii) Post-doctorate
5. **Type of organization you are attached to:** i). Private ii). Government iii). Semi-government
6. **Department:** _____
7. **Level of management:** i). Lower ii). Middle iii). Top
8. **Income level (Rs):** i). below 50,000 ii). 50,000 to 100,000 iii). 101,000 to 150,000 iv). 151,000 to 300,000 v). 301,000 to 350,000 vi). Above 350,000
9. **Tenure with the current organization:** i) less than 1 year ii). 1 to 3 years iii). 4 to 6 years iv). 7 to 9 years v). 10 or more years
10. **Total work experience:** _____
11. **Number of bank accounts you have:** _____

***NOTE: If you have more than one bank account then answer the following questions keeping in mind your most preferred bank.**

12. **Type of bank account:** i). Business ii). Personal iii). Employee
13. **Nature of bank account:** i). Savings ii). Current iii). Fixed deposit
14. **Type of credit card you own:** i). None ii). Silver iii). Gold iv). Platinum v). Other

My perception of my bank is that:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
15. It provides accurate information about its products and services.	1	2	3	4	5
16. The information provided is true in letter and spirit.	1	2	3	4	5
17. It gives complete information about its products and services.	1	2	3	4	5
18. The information provided is detailed.	1	2	3	4	5
19. It gives timely information whenever required.	1	2	3	4	5
20. The information provided is always up-to-date.	1	2	3	4	5
21. It gives trustworthy information.	1	2	3	4	5
22. The information provided is reliable.	1	2	3	4	5

How well are you satisfied with your bank?

	Not at all satisfied	Very little satisfied	Somewhat satisfied	Very satisfied	Extremely satisfied
23. Based on all of your experience, how satisfied overall are you	1	2	3	4	5
24. Based on all your experience, you are ...	1	2	3	4	5
25. Compared to other banks, with this bank you are...	1	2	3	4	5
26. In general I am satisfied	1	2	3	4	5

How well do these statements describe what your bank actually does?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
27. My bank treats VIP customers differently than other customers.	1	2	3	4	5
28. My bank provides a faster service to VIP customers than other customers.	1	2	3	4	5
29. My bank makes greater efforts for VIP customers than other customers.	1	2	3	4	5
30. My bank offers better service to VIP customers than to other customers.	1	2	3	4	5

How well the following statements describe you and your bank:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
31. I can enjoy exclusive benefits of being customer of my bank.	1	2	3	4	5
32. I often receive exclusive benefits and service by my bank.	1	2	3	4	5
33. I often receive personalized products or services promotion provided by my bank.	1	2	3	4	5

How much do you agree with these statements?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
34. Say positive things about your bank to people you know.	1	2	3	4	5
35. Defend when someone says something negative about your bank	1	2	3	4	5
36. Encourage friends and relatives to transfer their accounts in your bank.	1	2	3	4	5
37. Recommend to people if people you know want advice on a good bank.	1	2	3	4	5