

**UNIVERSITY OF GHANA**

**CUSTOMER VALUE ANTICIPATION, SATISFACTION, AND  
LOYALTY: THE MODERATING ROLE OF COMPETITION AND  
GENDER**

The background of the page features a large, light blue watermark of the University of Ghana crest. The crest is a shield-shaped emblem with a purple background. It contains three golden wheat stalks in the upper section, a golden cross with a central circle in the middle, and two golden scrolls at the base. The text is centered over this watermark.

**BY**

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MARKETING AND ENTREPRENEURSHIP, UNIVERSITY OF GHANA  
BUSINESS SCHOOL, UNIVERSITY OF GHANA, LEGON,  
IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR  
THE AWARD OF MPhil MARKETING DEGREE**

**JULY, 2018**

## **DECLARATION**

I do hereby pronounce that this thesis is the outcome of my own study towards the award of Master of Philosophy Degree in Marketing and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

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## CERTIFICATION

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## **DEDICATION**

Dedicated to the glory of the Almighty God whose grace and support saw me through a successful writing of this thesis.

## ACKNOWLEDGEMENT

I am highly indebted to my principal supervisor, Dr. Thomas Anning Dorson for his tireless dedication during the supervision of this work.

Special appreciation goes to Prof. Robert Ebo Hinson for his contribution and support during the writing of this thesis.

Special mention goes to my parents, Mr. & Mrs. Ofoli, for their great love, support and motivation during my entire period of study.

A special thank you also goes to the entire faculty and staff of the Department of Marketing and Entrepreneurship of the University of Ghana Business School, for their constructive criticisms and suggestions into this work, especially during seminars. I am very thankful to Ms Freda Boateng, Ms Celestine Piasa, Nii Nokwei Tackie, Ms Elizabeth Melissa Akosa and Aunty Salomey. God bless you richly.

I thank Ms Mary Amo Sarfo greatly for her affection, support, motivation and prayers. I cannot forget your great support, my dear. God bless the entire family for the love and support.

To Mr. John Paul Kosiba and his office mates, I say a very big thank you. To Mrs. Matilda Adams, Mr. Daniel Ofori-Sassu, Mr. Baah Kusi Ayeh, Alhaji Mohammed, Aseda Mensah, Alexander Annane McCarthy and his lovely wife and adorable children and family, Abdul Majid Daama, and my classmates I say a very big thank you. You have been a wonderful family from day one.

I am very grateful to my younger brother, Rommel Tetteh Christian, for running all my errands. I really appreciate every act of kindness, dear brother.

A special mention is made to Ms Gladys Pappoe, Madam Edith Mensah, Ps Obed Parry Djan, Benjamin Asiedu, and all my wonderful friends at home. God richly bless you all.

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applicable. Since respondents are often apprehensive when it comes to giving out information especially, in business situations where finances are involved, prior to the data collection, the researcher explained the purpose of the study to the target respondents and assured them of confidentiality and anonymity of their responses. Similarly, the respondents were assured that the study is only for the purposes of academics and as part of an academic exercise for the award of a research degree. This helped the respondents to freely give out confidential and vital information that helped in the success of this exercise. Very few participants had to be encouraged to complete the questionnaire due to their busy academic schedules. .... 47

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### **LIST OF ABBREVIATIONS**

CVA - Customer Value Anticipation

CL - Customer Loyalty

AL - Attitudinal Loyalty

BL - Behavioural Loyalty

CS - Customer Satisfaction

SC - Switching Cost

CA - Cronbach's Alpha

CR - Composite Reliability

- AVE – Average Variance Extracted
- CPT – Competition
- SAT – Satisfaction
- TVE – Total Variance Extracted
- GDP – Gross Domestic Product
- SEM – Structural Equation Modeling
- CFI - Comparative Fit Index
- NFI – Normed Fit Index
- GFI - Goodness-of-fit Index
- RMSEA – Root-mean-square-error of approximation
- DF - Degree of Freedom
- AGFI – Adjusted Goodness-Of-Fit
- TLI – Tucker-Lewis Index
- IFI – Incremental Fit Index
- SRMR – Standardized Root Mean Square Residual
- C $\alpha$  – Cronbach’s Alpha
- SPSS - Statistical Package for Social Sciences
- BoG - Bank of Ghana
- MBA - Master of Business Administration



## ABSTRACT

The purpose of the study is to assess how customer value anticipation (CVA) influences customers' behavioural and attitudinal outcomes such as satisfaction and loyalty. The thesis also aims to examine the moderating effect of boundary conditions such as competition (as perceived by customers) and gender on the relationship customer value anticipation has with satisfaction and loyalty respectively.

Data collected from a total of three hundred (300) MBA students who double as customers of twenty (20) retail banks situated on the University of Ghana campus, was analysed and used to validate the study's theoretical and empirical contribution. Structural equation modeling, a multivariate analysis technique that is used to analyse structural relationships, was used to analyse simultaneously the hypothesized relationships among the study's five conceptualized constructs (i.e. customer value anticipation, satisfaction, attitudinal and behavioural loyalty, and competition).

The study found that customer value anticipation positively influences customer satisfaction and loyalty (i.e. attitudinal loyalty and behavioural loyalty). For the moderated hypotheses, a two stage approach employed showed some contrasting results. First, the study established that the link amongst customer value anticipation, satisfaction, and loyalty is not moderated by competition as perceived by customers. On the contrary, a multi-group moderation analysis involving gender showed that gender has a moderating influence on the model in terms of its influence on attitudinal and behavioural loyalty, but not with satisfaction.

By implication, the findings suggest that even though customer value anticipation is positively correlated with satisfaction and loyalty, its implementation may or may not be aligned to the prevailing market condition. This is particularly true if the association is gauged through the lens of the service customer whose demographic gender can moderate the relationship between customer value anticipation and loyalty. The findings challenges service firms, especially banks to more innovative and futuristic in handling customer value delivery and its management. It also suggests to banks to be more particular about their market-based segmentation strategies, especially in markets where consumers respond differently to firm offers.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

The level of competition in any business environment might have an impact on the competitive strategies firms employ to enable them compete favourably. Favourable competition means being able to meet customer demands while sustaining your competitive edge over the period within which an organization is in operation. But the ability to sustain competitive edge has gradually been gaining complexity because of changes in customer value tastes and preferences. Kandapully (1999), however, believes that customer value anticipation is the best strategic orientation firms can deploy to arrest the rapid variation in customer tastes and preferences while meeting and sustaining competitive advantage. Furthermore, to remain competitive and survive in very competitive and dynamic service environments, Flint, Blocker, and Boutin (2011); Blocker, Flint, Myers, and Slater (2011); Flint; Woodruff, and Gardial (2002) propose the need for service firms to develop and maintain customer value anticipation strategies. This seems to gain support from supplier market orientation, where a firm's capacity to answer effectively to the dynamic nature of customers' needs is seen to have positive correlation with customer satisfaction and loyalty (Simpson, Sigauw, & Baker, 2001). Yet, while these studies and others such as Ho, Hsieh and Yu (2014); Vildova, Martincik, Tluchor, and Jakubikova, (2015) attempt to advance the knowledge on customer value anticipation by reporting positive links between service firms with value anticipating behaviours and their service customers, the concept remains underexplored, particularly from the client side.

The idea of whether or not customer value anticipation is able to hold constant customer satisfaction and loyalty has gained some academic attention, even though it has no empirical evidence to support its ability to hold both satisfaction and loyalty constant or not. Some



studies, for instance, have called for a deeper analysis into how customer value anticipation influences customers' behavioural and attitudinal outcomes such as satisfaction and loyalty (Flint, Blocker, & Boutin, 2011). The rationale is that, such an analysis is expected to bring clarity to the degree to which firms can anticipate customer value and the extent of profit both firms and customers would garner out of such strategic activity. Similarly, one would wonder whether or not different sex groups would respond differently to the predictive effect of customer value anticipation on satisfaction and loyalty or not, or whether the level of competition in any market would make any difference. Since no empirical evidence of the above mindboggling questions are available to us, this study seeks to contribute in this respect by empirically investigating this phenomenon to provide some evidence, specifically within the context of an emerging economy, and in the context of Ghana's banking industry to be precise.

The choice of the service sector is demonstrated by the role the service sector is playing and the heightened competition recently witnessed therein. In particular, the contribution of the service industry to economic development is largely recognized worldwide, with specific emphasis on its impact on country specific Gross Domestic Product (GDP) (Majumdar & Tripathy, 2018). Between 2015 and 2018, the United States of America's service sector contributed over \$38,396,695m to its Nominal GDP ( UNCTADstat, unctadstat.unctad.org. Retrieved 2017-11-26). In Ghana, statistical report released by the Ghana Statistical Service in April, 2018 shows that the service sector is Ghana's largest sector and a major contributor to Ghana's Gross Domestic Product (GDP). In 2016, Ghana's service sector alone accounted for 56.8 percent in GDP, and 56.2 percent contribution to GDP in the year 2017 (Service, 2018).

As the service sector continues to grow leaps and bounds in its contribution towards world economic growth, it also continues to experience intense competition (see Baltaciouglu, Ada, Kaplan, Yurt, & Cem Kaplan 2007; Thrift & Amin, 2017; Deresky, 2017; Ball, 2017; Mark) and recurrent changes in customer demand and preferences (Eggert, Ulaga, Frow & Payne, 2018; Flint, Woodruff & Gardial, 2002; Kuehnl, Furst & Homburg, 2017). According to Vargo and Lusch (2004a; 2004b); Vargo, Lusch and Akaka (2017), this dynamic economic change has created a shift in placing service strategy towards a service promise, and has largely placed emphasis on the customer as the center of focus in all economic activities.

The many reformations experienced in the Ghanaian banking sector over the periods, such as the Financial Sector Reform Programme (FINSAP), which led to the liberalisation of interest rates, the abolishing of directed credits, the privatization of state owned banks, the liberalisation of the foreign exchange market and the beginning of a capital market with the establishment of the Ghana stock exchange in 1990 has led to a significant growth of the banking sector. The growth has brought about a lot of significant changes in the operations in the sector, which include how banks serve their customers. Today, because of the growing nature of the service sector, financial service firms and banks in particular, are striving to improve their business processes by liaising with customers to survive and compete successfully, particularly because of the homogeneity in the goods and services they offer. The level of competition among banks is increasing continuously and there suggests to be a rapid shift in the business process delivery. While we acknowledge the level of competition on the Ghanaian banking market, and how that affects the entire business process, we attempt to specifically investigate how customer value anticipation operates by impacting satisfaction and loyalty respectively in the light of market competition while accounting for the role played by different sex groups.

## **1.2. Problem Statement**

The customer is a key intangible asset of the firm (Zhang, Liang, & Wang (2014), and the center of attraction in all economic activities (Vargo and Lusch (2004a; 2004b); Vargo, Lusch and Akaka (2017). Past studies postulate a positive link amongst customer value, satisfaction and loyalty (Lam, Shankar, & Erramilli, 2004). This suggests that firms can sustain their usefulness so far as they have satisfied and loyal customers. While studies such as Bolton, Lemon, and Verhoef, (2004); Sirdeshmukh, Ahmad, Khan and Ashill, (2018) stress on the importance of customer value to the service customer, few evaluate the importance of predicting changes in customer dynamic demand (Bolton, Lemon, & Verhoef, 2004; Sirdeshmukh, Ahmad, Khan & Ashill, 2018).

In their study, Vargo and Lusch, (2004) note that delivering on a firm's service promise is an all-encompassing process that needs an in depth understanding of the customers' total value chain. Studies such as Flint, Blocker, and Boutin (2011); Blocker, Flint, Myers, and Slater (2011); Flint; Woodruff, and Gardial (2002) affirm that knowing and satisfying customer current value only is not enough to surviving and growing in competitive markets, but rather it is a firm's ability to anticipate customer value to meet customer changing needs effectively.

Despite the relevance of customer value anticipation in predicting satisfaction and loyalty, studies such as Flint, Blocker, and Boutin (2011) and Flint, Blocker, and Boutin (2011) observe that the concept remains underexplored. Past studies (see Flint et al, 2011; Kandampully & Duddy, 1999) for instance have looked at one of the consequences of customer value anticipation (i.e loyalty) as a composite unit. However, for managerial and theoretical consideration, it is essential to determine the kind of loyalty dimension that best

explains the effect of customer value anticipation since loyalty is not only a uni-dimensional construct.

Additionally, early empirical studies tended to focus on results from the supplier side in terms of the positive effects of CVA influences. However, little has been done on how customers' perception of suppliers' customer value anticipation influences customer attitudes and buying behaviour (Flint et al., 2011). Following from Vargo and Lusch (2004), and with the customer as the focus of all service exchanges, focusing the discussion of customer value anticipation and its effect on customers' behavioural and attitudinal outcomes is clearly not out of place. If it is to be argued that an empirical research of this nature will shed enough theoretical and managerial insight on the contribution of the service customer to the customer value anticipation and customer value management literature, it remains a serious concern that limited attention has been focused on this phenomenon.

In addition, there is paucity of research on customer value anticipation, customer satisfaction and loyalty in the context of emerging economies. Early studies such as Flint et al. (2011); Kandampully and Duddy, (1999); Ho, Hsieh and Yu, (2014); Zhang, Liang and Wang (2016) that attempt to shed understanding on the influence customer value anticipation has on customer satisfaction, innovation, customer life value, and loyalty were conducted in developing economies (see Flint et al, 2011; Kandampully & Duddy, 1999; Ho, Hsieh & Yu, 2014; Zhang, Liang & Wang 2016). Since foreign markets have dissimilar ranks of market developments and distinctive consumer behaviour patterns, conducting a research of this nature in the context of an emerging economy may help bring complementarity to findings of previous research.

Furthermore, as part of the deeper probe required for customer value anticipation to occur, current literature has not explained situational and boundary conditions enough for successful

application of customer value anticipation. Competition is one of the key forces that influence customer value and loyalty (Durkin, 2017; Chen, 2015; Story, Boso & Cadogan, 2015), and organizational characteristics (Zhao & Tamer Cavusgil, 2006). Studies such as Chen (2015) found that situational conditions such as competition have moderating effect on customer value and loyalty. While firm activities such as customer value anticipation may result in positive customer responses, this relation may not always be linear. Durkin (2017) assert that competition offers choices and impacts on customer loyalty. What this means is that, the level of competition might impact the strategic orientation of both the current firm and competing firms which may result in the availability or non-availability of substitute competitive offerings which may impact satisfaction and loyalty respectively. Despite these studies and the understanding, we gather from their empirical contributions, there is a dearth of research on the situational effect of boundary conditions such as competition as perceived by customers on the link amongst customer value anticipation, satisfaction and loyalty.

Customers differ in terms what their preferences are. Different categories of customers will require different products and services based on their particular needs, wants, and the condition at the time. Similarly, different customers would exhibit different behavioural and attitudinal characteristics based on their sexual orientations. Following a close look at findings of existing research begs for the question whether or not across both sex groups, customers exhibit the same satisfaction outcome or show the same loyalty attitudes or behaviours. Early studies show contrasting consumer behavioural patterns for males and females (Bakewell and Mitchell, 2004). In their study, Dholakia (1999) found differences in the shopping behaviour of customers across different gender streams. Similarly, and in another context, a study by Srivatsa and Srinivasan (2008) on a gender psychographic study of banking customers in India showed that male and female customers portray dissimilar patterns of behaviour in their preference of banks, banking channel choice, and bank product

usage. Yet, no empirical evidence of the role gender plays in terms of its effect on the predictive power of customer value anticipation is known to us, hence a major objective of this study is to investigate its role to help managers and marketers make more informed business decisions.

Arguing from the client side, this study specifically examines the influence of customer value anticipation on satisfaction and loyalty, as well as the moderating effect of both competition (as perceived by customers) and gender on the link amongst customer value anticipation, satisfaction, and loyalty.

### **1.3 Research Objectives**

The study seeks to achieve the following objectives:

1. To examine the relationship between customer value anticipation, satisfaction and loyalty (behavioural vs attitudinal loyalty).
2. To examine the moderating effect of competition as perceived by customers on the relationship between customer value anticipation, satisfaction and loyalty (behavioural vs attitudinal loyalty).
3. To test the moderating effect of gender on the relationship customer value anticipation has with satisfaction and loyalty (behavioural vs attitudinal loyalty).

### **1.4 Research Questions**

The following research questions are posed to find answers to the research objectives:

1. Will customer value anticipation influence satisfaction and loyalty (behavioural vs attitudinal loyalty)?

2. Can competition as perceived by customers change the relationship between customer value anticipation, and satisfaction and loyalty (behavioural vs attitudinal loyalty)?
3. What is the moderating role of gender on the relationship customer value anticipation has with satisfaction and loyalty (behavioural vs attitudinal loyalty)?

### **1.5 Significance of the Study**

The current study is important in many respects as it will contribute to both industrial and theoretical developments. First, the study will contribute to the improvement of customer value anticipation, satisfaction, and loyalty in the context of a service setting.

Second, the study will contribute to the understanding of the situational effect of competition on the link amongst customer value anticipation, satisfaction and loyalty.

Similarly, in the Service Dominant Logic, since the collaborative relationship between firm's and customers that is needed for both co-creation of current customer value and anticipation to occur is considered both a service to the firm and the customer, findings of this research will help service providers to modify their strategic efforts in gathering sensitive market information needed for developing and maintaining meaningful relationships with their service customers.

Fourth, the study develops a conceptual model of CVA scale that seeks to provide expanded knowledge to the customer value and customer life time value management literature in the

context of an emerging economy, specifically in a Ghanaian economy. It also serves to provide empirical evidence for CVA debates in the African context. This provides grounds on which future studies could stand.

#### **1.4 Scope of the study**

The study only looked at samples from the service sector of the Ghanaian economy with special focus on universal bank customers in the Greater Accra region of Ghana. It also sought to investigate how customer value anticipation influences satisfaction and loyalty in the Ghanaian banking sector, as well as the situational effect of competition on the model.

#### **1.5 Chapter disposition**

The underlying study is alienated into six chapters. The first chapter explains in detail the background of the study, problem statement, objective of the study, research questions, significance of the study, scope of the study, the chapter disposition, and summary of the overall chapter. Chapter two delineates the context of the study. Chapter three offers a review of the theoretical and empirical literature, as well as the conceptual framework and developed research hypotheses. Chapter Four outlines the research methodology which includes the data sources and research approach, research instrument, sampling technique, contact method, data analysis technique, and ethical consideration. Chapter five presents the results and the discussion of the findings. Chapter six provides a summary of the research findings, conclusions reached, recommendations outlined and limitations of the study.

#### **1.6. Chapter Summary**

The thesis titled “customer value anticipation, satisfaction, and loyalty: The moderating role of Competition” which is positioned in the service sector of an emerging economy is expected to shed deeper light and provide tentative empirical confirmation into the customer



value anticipation and marketing management literature by establishing the link amongst customer value anticipation, satisfaction and loyalty.

It thus seeks to provide support for service firms in emerging economies on how their service customer's perception of their value anticipating behaviour affects their overall satisfaction, and loyalty. It will as well help service firms to develop core competency to anticipate customer future value while meeting both current and future customer value.

Thus, it aims at providing competing service firms, especially banks within the context of an emerging economy, a level playing ground for developing and measuring customer value anticipatory strategy that generates increased customer satisfaction and positive loyalty behaviour.

## **CHAPTER TWO**

### **CONTEXT OF THE STUDY**

#### **2.0 Introduction**

This chapter takes a brief review of the Ghanaian banking industry and provides the context upon which the study is based.

#### **2.1 Ghana's Banking Sector**

Ghana's banking industry has its root in the late 19th century when the first bank known as the Bank of British West Africa was officially opened in 1894. Until the year 1957, the operations of the maiden bank - Bank of British West Africa was under the control of the London-run African Banking Corporation, West Africa and its subsidiary institutions. Today, Ghana's banking sector is officially managed by the Central Bank known as the Bank of Ghana, an institution that finds its origin from the Bank of the Gold Coast.

#### **2.2 Number of banks in Ghana**

A Bank of Ghana Annual Report released in July, 2018 (Bank of Ghana, 2018), shows that the Ghanaian Banking sector is currently made up of thirty-six (36) banks. Of the thirty-six

(36) separately operating banks in Ghana, nineteen (19) are locally-controlled and the other seventeen (17) are foreign-controlled. The numbers help us explain the level and nature of competition in the Ghanaian banking sector in terms of behaviour or structure. Taking into consideration market structures, for instance, modern theory helps us understand the competitive nature of markets either in terms of behaviour, or conduct of firms, their performance, and the level of contestability in the market. This is because a market might have an uncompetitive structure, with only a small number of firms competing, but the behaviour of firms might be highly competitive, as is the case in the Ghanaian banking sector.

### **2.3 Minimum Capital Requirements for Banks and Non-Bank Financial Institutions in Ghana**

Ghana's banking sector has experienced a number of reforms in its minimum capital requirement structure over the past two decades. In Dec 2017, the Bank of Ghana increased the minimum capital requirement for banks from GHS120m (\$28.7m) to GHS400.00 which was expected to be reached by all banks by the close of December, 2018. Prior to this, the Bank of Ghana had already increased the minimum capital requirement from GHS7m(\$1.7m) to GHS 60.00m (\$14.4m) in the year 2008, and from GHS60.00m (\$14.4m) to GHS120m (\$28.7m) in 2013.

In December 2013, the Bank of Ghana, in accordance with Section 6(2) of the Banking Act, 2004 (Act 673) and Section 11 of the Non-Bank Financial Institutions Act, 2008 (Act 774), announced for the information of Banks, Non-Bank Financial Institutions (NBFIs) and the

Public, the revised minimum capital requirements for all new industry entrants. The new regulations required the following:

For all Class 1 Banks (Universal Banks), the BoG required them to maintain a minimum capital requirement of GH¢120,000,000.00 (One Hundred and Twenty Million Ghana Cedis) in order to obtain a Class 1 banking license. Class 1 banks licensed with the above minimum capital requirement were to maintain an unimpaired capital (net own funds) of not less than GH¢120,000,000.00 (One Hundred and Twenty Million Ghana Cedis) at all times. For all existing Class 1 banks, the BoG advised them to take steps to enhance their capital in line with their business strategy and risk profile to avoid requesting for single obligor exposure waivers.

For NBFIs (Savings and Loans Companies, Finance Houses and Mortgage Companies), the BoG required them to maintain a minimum capital requirement for obtaining a Savings and Loans, Finance House or Mortgage Company license is GH¢15,000,000.00 (Fifteen Million Ghana Cedis). NBFIs in this category that are licensed with the above minimum capital requirement shall maintain an unimpaired capital (net own funds) of not less than GH¢15,000,000.00 (Fifteen Million Ghana Cedis) at all times. The BoG advised all existing NBFIs in this category take steps to enhance their capital in line with their business strategy and risk profile.

For Rural/Community Banks, the BoG required a minimum capital requirement of GH¢300,000.00 (Three Hundred Thousand Ghana Cedis) for obtaining a Rural or Community banking license. Rural or Community banks licensed with this minimum capital requirement were to maintain an unimpaired capital (net own funds) of not less than GH¢300,000.00 (Three Hundred Thousand Ghana Cedis) at all times. The BoG advised that all existing Rural or Community banks take steps to enhance their capital in line with their business strategy and risk profile.”

Currently, the minimum capital requirement for all commercial banks operating in Ghana is perked at GHS400.00. This follows some poor performances by some operating banks in the sector. Specifically, in August 2017, the Bank of Ghana (BoG) announced its merger of five operating banks following an investigation that shows that they are insolvent. These banks are Construction Bank, Sovereign Bank, UniBank, Royal Bank, and BEIGE Bank. The recent increase in the minimum capital requirement is partly to protect the public against such insolvent operators and to contribute to economic development.

The idea of the importance of a raise or decline in the minimum capital requirement stems from the fact that regulation can impact competition. As an example, greater capital requirements and activity restrictions possibly will limit the degree to which banks can or will involve in correlated risk taking activities in the absence of competition. Competition, in particular, might have a positive influence on systemic stability, consistent with the notion that competition incentivizes banks to take on more diverse risks. The influence of lack of competition may depend on the larger institutional environment and can potentially be mitigated through regulation as indicated earlier. In the same way, superior investor protection and greater information availability would facilitate better monitoring even in the absence of competition. In this chapter, we introduce the various transformational phases the minimum capital regulation in Ghana has gone through to help augment the idea of how such regulations contribute to the level of competition within the Ghanaian banking sector and to help indicate whether or not the transformation aggravates or alleviates the positive relationship between competition and systemic stability.

#### **2.4 Ghana Banking Sector Growth and Performance**

A Bank of Ghana Sector Report released by the Bank of Ghana in May, 2018 indicates that the Ghanaian banking sector as at end-April, 2018 maintained a capital adequacy ratio far

above the minimum statutory requirement of 10%. The ratio indicates that the Ghanaian banking sector is one of the sound and stable sectors within the Ghanaian economy. The report showed, among other things, that the sector recorded significant profit margins, positive shift in the structure of the balance sheet, positive increase in investment in the income statement, decrease in outstanding credit balances, consistent increase in new advances, increase in the banking sector's total assets (Bank of Ghana Sector Report, May 2018).

Together, the 36 operating banks accounted for total assets of GHS 86.7bn in 2016, and total deposit of GHS54.5bn (\$13bn), representing 84% of Ghana's Gross Domestic Product. Similarly, the 36 banks accounted for net loans amounting to GHS31.5bn (\$7.5), that is equivalent to 19% of GDP. As at end-April, 2018, the Ghanaian banking sector accounted for total assets of GHS97.78 billion, and a growth of 15.7 percent a little bit below sector growth of 31.1 percent as at end-April 2017. Similarly, the bank's paid capital saw an increase by 25.9 per cent to GHS5.22 billion as at end-April 2018.

While financial ratio analysis has predominantly been used to measure the financial performance of the organizations in the banking sector, recent complexities in the way businesses are done seem to be gradually placing emphasis on other multi-dimensional approaches to the measure of financial performance. Whereas most banking indicators point out the major contribution the Ghanaian banking sector is making towards its economic development (see Bank of Ghana annual report, 2018), a study by Aidoo and Mensah (2018) found that the Share of Industry Asset index and the Bank Profitability index are the most significant for evaluating the fiscal performance of banking institutions in Ghana.

Fig. 2.1 Ghana’s Banks Balance Sheet as at end-April 2018.



## 2.5 Competition in the Ghanaian Banking Sector and its impact on value creation

Describing the Ghanaian banking sector as monopolistically competitive (Biepke, 2011), Sarpong and Winful (2017) agree that advancement in technology and deregulation are the major causes of the intense competition in the banking sector. This proffers a service strategy that places the focus of service exchanges onto the service customer. While most banking indicators point out the major contribution the Ghanaian banking sector is making towards its economic development (see Bank of Ghana annual report, 2018), it remains a matter of

concern that competing banks devise strategies to maintain a pool of satisfied and loyal customers (Mahmoud, Tweneboah-Koduah, & Danku, 2011).

Since the development of marketing concept, the customer has remained the primary reason for every business existence. As competition intensifies, it becomes more critical to care for the service customer. In this case, all forms of deleterious customer service experiences and consistent failure in meeting customer expectations often lead to customer dissatisfaction. As customers become dissatisfied with services offered, particular in the bundle of value delivered to them, they stand the chance to be disloyal.

Further, as the competition continues to intensify, competing banks continue to compete among themselves on the bases of their service. In line with the rapidly changing nature of consumer needs and preferences, the perceived value customers are able to garner from the service activities of their banks determine the extent to which they become satisfied and loyal. Since customer perceived value is one of the major determinants of customer satisfaction and loyalty in the Ghanaian banking sector, it becomes expedient that in order to meet customer changing needs banks become proactive in determining customer value, especially at a time that competition increases and competitive firms distinguish themselves on new ways of learning

The Ghanaian banking sector remains an important context within which an experiential analysis of how customer value anticipation influences bank customers' satisfaction and loyalty could be set. It is also relevant to test the regulating effect of competition as perceived by customers on the link customer value anticipation has with satisfaction and loyalty in a sector well characterized by major economic strides and monopolistic competition.



## **2.6 Summary of Chapter**

This chapter has presented an overview of the Ghanaian banking sector as one that remains viable and stable amidst a few challenges faced by the sector. As of May, 2018, the Ghanaian banking sector remains one of the actors in the service industry that contributes immensely to Ghana's overall economic growth. It also remains very competitive following the existence of many locally and foreign owned banks in the sector.

# **CHAPTER THREE**

## **LITERATURE REVIEW**

### **3.0 Introduction**

For a better appreciation of the hypothetical and empirical concepts that underpin this study, this section presents relevant literature on customer value, dimensions of customer value, customer value anticipation, customer satisfaction, customer loyalty, and market competition. It also outlines the conceptual framework of the study, research hypotheses, and puts forward a discussion for the moderating effect of competition.

### **3.1 Customer Value Theory**

The major objective of most marketing efforts is to create, communicate, and deliver value to the markets that firms serve. What makes this organizational effort an important, yet a very complex process is that the creation of customer value requires complementing effort of an organization's internal chain of sourcing, processes, operations, marketing and customer service – the result is the creation of customer value that makes customers form better perceptions about the brand firms represent. Customer value is about subjective perception which cannot be controlled, but can only be influenced. This is why customers would

compare their perception about the perceived value among similar products and services before making any purchasing decision.

In the customer value management literature, the concept of customer value is considered a central model to competitive advantage and long-term success of business organizations (Khalifa, 2004), even though it is well-thought-out as one of the most clichéd and misrepresented concepts in social sciences in general and in management literature in particular (Leszinski & Marn, 1997). The importance of the concept of customer value is seen across varied fields such as economics, management, information systems, etcetera to mean different things (Normann, 2001; Wikstrom & Normann, 1994). In various areas of marketing – including, but not limited to relationship marketing, pricing, consumer behavior, and strategy literature (see de Chernatony et al., 2000), customer value has gained considerable discussion. Khalifa (2004) argue that the growing interest on value-based approaches, in recent years, is elicited by the belief that managing organizations from this perspective will increase the likelihood of success (e.g., Slywotzky, 1996). This seems to gain support from Huber et al. (2001) who found that many marketing strategists and industrial-organization (IO) economists are of the assertion that the creation of superior customer value is a fundamental key element for ensuring companies' success (Higgins, 1998; Kordupleski & Laitamaki, 1997; Milgrom & Roberts, 1995; Porter, 1996; Woodruff, 1997; Wyner, 1996).

In the existing literature, the overarching importance of superior customer value is recognized in most business strategy models (Cravens et al., 1997), the clear understanding of which becomes indispensable for the success of value-based strategies (Woodruff, 1997). Regarded as a strategic weapon in attracting and holding customers (Wang et al., 2004), customer value as well as its benefits has remained an important component for both service firms and manufacturing firms (Gale & Wood, 1994; Zeithaml, 1988; Zeithaml et al., 1996; Woodruff, 1997; Parasuraman, 1997). Extant literature has shown a connexion between superior

customer value and increased firm financial returns and customer loyalty behaviours (Reichheld et al., 2000; Heskett et al., 1997; Reichheld, 1994). For instance, in the early 1990s, a study by Reichheld and Sasser (1990) showed that customer loyalty and firm profitability are strongly linked to value created for customers. This illustrates that customers might be satisfied and loyal to a company as long as it offers them superior value compared to what competitors have to offer. The rationale behind customer value is that, whatever form an organization takes, the kind of customer value it offers for market consideration is subjectively judged in the sight of the customers to whom value is created for, communicated to, and delivered to or intended to be delivered to. The idea is that whatever customer value an organization intends for its market; many factors will play a part in arriving at the best decision that will benefit both customers and firms.

### **3.2 Dimensions of Customer Value**

Value does not refer to price, and cost is only part of the equation of measuring customer value. Many equations and models are available for measuring customer value. But, as of now, scholars are now placing more emphasis on the operationalization of what exactly constitutes customer value. The existing literature, as an example, provides some evidence that suggests that germane studies have not yet borne some clear-cut explanations of the main dimensions of customer value (Zeithaml, 1988; Patterson & Spreng 1997; Woodruff, 1997; McDougall & Levesque, 2000; Lapierre, 2000). Wang, Po Lo, Chi and Yang, (2004) attribute the lack of some clear-cut explanations of the main dimensions of customer value to the absence of a managerial understanding of “what constitutes superior customer value and how to operationalize same”.

Customarily, quality and price are considered the ideal measures of customer value. But the limitation of the discussion of the concept of customer value to these two features might limit our understanding of customers' perception of customer value, and in essence the important role customer value plays in firm performance, customer satisfaction, as well as customer behavioural and attitudinal behaviours. As an example, a study by Sweeney and Soutar (2001) appears to have measured customer value in terms of price being the only sacrifice customers make when conceptualizing customer value. But this classification provides an incomplete measure of the importance of customer value, since products and services could also be differentiated because of their brand and other factors such as exposure and product or service features. Also, some studies have extensively agreed that many other kinds of sacrifices (such as opportunity cost, psychological cost, and maintenance and learning cost) can wield determining influences on the perception of customer value besides "price" (Woodruff, 1997; Slater, 1997; Day, 1994). Following from Sweeney and Soutar (2001), it remains an important consideration for firms to take a closer look at considering other factors that might well be considered as perceived benefits and sacrifices. This might be particularly necessary if firms desire to understand the evaluation processes customers go through when measuring customer value.

According to Kotler (1997) customer value refers to product value, service value, employee value, and image value. Contrariwise, Wang et al. (2004) critique that Kotler's approach is largely derived from the standpoint of a firm, not that of customers, or at least not totally customer based hence measuring what constitutes customer value only from the standpoint of the firm renders it an insufficient measure considering the focus on customers. By drawing on the broad theoretical framework developed by Sheth, Newman, & Gross (1991), Sheth et al., (1991) have been able to demonstrate that the dimensions of customer value are somewhat different. Sheth et al., (1991) suggest five dimensions of value from the customer's

perspective (social, emotional, functional, epistemic, and conditional) as providing the best foundation for extending the value construct. In this milieu, “emotional value” is referred to as the utility derived from the affective states that a product or service generates; “social value” is spoken of as the social utility derived from the product or service, “functional value” refers to the utility derived from the perceived quality and anticipated performance of the product or service, and “perceived sacrifice” refers to the loss derived from the product or service due to the increment of its perceived short-term and long-term costs. This suggests that all these dimensions have the same implication at any time, although they are interrelated in some sense.

In a related, but more elaborative development, Sweeney and Soutar (2001) distinguished binary facets of functional value that consist of quality and price – and established the popular “PERVAL” model. In the “PERVAL” model, epistemic value (conceptualized as the surprise or novelty aspect of a product) and conditional value (defined as conditional effects of a specific situation on value perceptions) were omitted on the basis of relevance to their study. This follows that these two dimensions are not pertinent (or less important) when considering the purchase of a durable good, which was the focus of their study. Contrary to the recent conceptualization and the exclusion of epistemic and conditional value, the current study adopts the entire framework recommended by Sweeney and Soutar (2001), but goes further to posit that a better explanation can be given to customer value in terms of the five key dimensions hitherto espoused by Sheth et al., (2011) –i.e. social, emotional, functional, epistemic, and conditional value, each of which may play a different role in the customer perception process and thus contribute differently to the success of anticipating customer desired value, while taking into consideration the various factors that drive customer value. Generally, our assertion that value is not limited to cost, nor is value equated to price is intended to help us make a perfect conceptualization of what we mean by customer value,

and how it can be measured. Our measure of customer value, therefore, also takes into consideration the drivers of customer value which include points of differentiation, product function, service, marketing, price, existing relationships or experience, personal bias from experience and upbringing, as well as quality. The conceptualization of customer value in this manner helps us to understand how the various drivers of customer value drive customers' perception of value, some of which can be controlled and some of which cannot be controlled. This is more important because the drivers will be ranked in order of importance in different ways by different customers. What this means is that a deeper classification of customer will help us to understand the concept better, and especially how it applies to different sets of customers.

### **3.3 Customer Value Anticipation**

Customer value anticipation is the ability of firms to predict ahead of time what customers will want next after the current economic encounter has ended. Anticipating customer value is important in a number of ways, particularly because of the various perceptions different customers have when measuring customer value. As it has been established in customer value literature, the concept of what constitutes customer value facilitates (or blocks) the realization of the customers' goals in use situation. According to Woodruff (1997), value is the outcome of customers' learned perceptions, preferences, and estimations. Parasuraman (1997) seems to agree on Woodruff's (1997) conceptualization of value, and notes that Woodruff's 1997 value has attracted varied definitions (Normann, 2001; Kotler, 1997; Wikstrom & Normann, 1994). For instance, in an effort to associate the diverse definitions, Woodruff (1997, p. 142) defined customer value as "a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use". The argument captures the dynamic and context-dependent nature of how customers judge value, the measures they use to do so, and the relative worth they place on such measures. This suggests

that customers form their preferences for certain characteristics based on their capability to facilitate desired consequences, replicated in value in use and ownership value.

Traditionally, customers perceive the value a firm creates during the purchasing process (Yu, Hsieh, & Ho, 2014). Accordingly, Woodruff (1997) opine that customers' perception of value occurs throughout the purchasing process of customers, either one-time purchase or repurchase. Perceived value is different from customer satisfaction, but is related to it (Sweeny & Soutar, 2001).

The outcome of some review of literature shows that customers perception changes constantly, particularly in an era where competition is stiff and complex (Flint, Woodruff, & Gardial, 2002). This calls for a more collaborative and customer specific approach to creating and deploying customer value (Vargo & Lusch, 2004). This proposes that customers feel needed, transforming them from passive receivers to active drivers and innovators in the open market (Yu et al., 2014). Indeed, the idea that customers are simply product or service users is obsolete, calling for a more collaborative effort when planning on the next customer value to come out with.

Review of literature espouses the need for marketing managers and service providers to understand what their customers currently value in order to stay competitive (Slater & Narver, 2000; Vargo & Lusch, 2004; Woodruff, 1997). This has, however, received criticisms for being a necessary but insufficient means to staying competitive owing to the constantly evolving needs of customers (Flint, et al., 2002). This advocates that service providers should anticipate the needs of their customers (Flint et al., 2011). Anticipating customer future needs will serve as a strategic tool to achieving sustainable market leadership and firm performance (Kandampully & Duddy, 1999).

All attempts to describe the concept of customer value anticipation revolve around the working definition propounded by Flint et al., (2011). As could be inferred in literature, Flint et al., (2011) were apparently the first to come out with a working definition of customer value anticipation in a study that sought for an empirical investigation into the relationship among customer value anticipation, customer satisfaction and customer loyalty (see Flint et al., 2011). They conceptualized customer value anticipation “as a supplier's ability to look ahead at what specific customers will value from supplier relationships including their product and service offerings and the benefits they create given the monetary and non-monetary sacrifices that must be made to obtain those offering benefits” (Flint et al. 2010, p.3).

Drawing on the definition of Flint et al. (2011), Yu et al. (2014) also defined customer value anticipation as the customer’s overall evaluation of the service provider’s ability to meet the customer’s future needs. In analysing the service providers’ involvement in the value anticipation exercise, Ballantyne and Varey, 2008 propose that the capacity of the service provider to respond dynamically to changing customer needs is what constitutes customer value anticipation. Unlike Ballantyne and Varey, 2008, Flint et al. (2011) consider the service providers’ perspective of customer value anticipation as involving “both the processes for anticipating as well as the outcome predictions of product and service offerings that would most likely facilitate value creation by customers”. This is not the same as what the customer sees CVA to be.

According to Flint et al. (2011), CVA in the sight of the customer is “their *sense* that suppliers have such *processes* and their *perception* that suppliers are able to actually anticipate their needs, possibly even before they do”. In their study, Gronroos (2008) found that the customer sees customer value as expectations being met. According to Oliver (1981) “... expectations are consumer-defined probabilities of the occurrence of positive and



negative events if the consumer engages in some behaviour" (pp.25- 48). In fact, findings have it that expectations serve as reference points in customer's assessment of performance (Cronin & Taylor, 1992).

In the service quality literature, for instance, customer expectation is well-defined as desires and wants, and includes what a service provider should offer rather than would offer. In a much broader sense, the extent to which a product or service fulfils a customer's need and desire may play an important role in forming feelings of satisfaction because of the impact of confirmation or disconfirmation that have on satisfaction. This gives the idea that expectation could be a vital factor in satisfaction formation. In some preliminary studies that determine customer value, Kotler (2000) for instance, identify that customers form their expectations from their past experience, friends' advice, and marketers' and rivals' information and promises. Following the works of early scholars on customer value (see Sweeny & Soutar, 2001; Kotler, 2000), we find that if customers sense improvement in their service providers' ability to anticipate what they value, their satisfaction will be enhanced and their insecurity to utilize a company's service will be reduced (Gronroos, 2008).

### **3.4 Customer Satisfaction**

The concept of customer satisfaction is one of the important concepts in marketing theory. Oliver (1981) defines customer satisfaction as "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience". Previous literature theorized that customer satisfaction can be classified into two types: transaction-specific satisfaction and general overall satisfaction (Yi, 1991). At a transactional level, transaction-specific customer satisfaction refers to the evaluation customers make after a specific purchase experience.

General overall satisfaction, on the other hand, means the customers' rating of a brand based on their experiences accumulated from all previous encounters with the brand or service relationship (Johnson & Fornell, 1991). From these descriptions, we can view overall satisfaction as a combination of all previous transaction-specific satisfactions (Jones & Suh, 2000). Jap (2001) puts forward the argument that this global measure of customer satisfaction is a positive affective state that stems from customers' appraisal of the overall relationship they maintain with their service providers.

A study by Zeithaml, Parasuraman, & Berry, (1990) found that customers who perceive that their service providers are able to improve their service offerings, even beyond the offerings themselves yield higher levels of satisfaction. This is in consonance with some current studies that also assert positive link between customer value and satisfaction. A study by Liao, Palvia, & Chen, (2009) shows that customer satisfaction is positively correlated with repurchase intention. In their study on customer satisfaction and customer loyalty, Eggert & Ulaga, (2002) concluded that customer satisfaction is a major antecedent and an important determining factor of customer loyalty.

### **3.5 Customer Loyalty**

Customer loyalty was initially assumed by scholars as a form of engaging in repeat purchase only (Bass 1974). Following that, a behavioural approach toward explaining purchase patterns developed. Jacoby (1978) is highly regarded among the first proponents of such a behavioural approach. According to Jacoby and Kyner (1973) loyalty is defined as a biased (non-random) repeat purchase of a specific brand (from a set of alternatives) over time by a consumer, using a deliberate evaluation process. Later, Jacoby and Chestnut (1978) indicate that in order to analyse loyalty, there was the need to examine the belief, affect, and intention

structure of a consumer. Despite these pivotal works, there appears to be no universal agreement on the definition of loyalty (Dick & Basu 1994; Jacoby & Chestnut 1978; Oliver 1999; Uncles, Dowling & Hammond 2003).

Whereas Uncles et al. (2003) argue that only three popular conceptualizations of loyalty exist: where they consider loyalty as an attitude that leads to a relationship with the brand; loyalty stated mainly in terms of revealed behaviour; and buying moderated by the individual's characteristics, circumstances, and/or the purchase situation, Oliver (1997) think otherwise. Oliver (1997) believes that loyalty is a deeply held commitment to rebuy or re-patronise a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts that have the potential to cause switching behaviour. Later, Oliver (1999) introduces a four-stage loyalty model, implying that different aspects of loyalty do not emerge simultaneously, but rather consecutively over time.

The current study deems it appropriate considering Oliver's (1997) definition because it begs for a question: particularly in the instance where environmental dynamisms such as market competition is seen as a factor that can moderate organizational characteristics such as customer value anticipation that is regarded as antecedent of loyalty. In fact, gaining customer loyalty is less straightforward and more complex than several previous studies have suggested. Hence, the finding of this study is expected to help fill some knowledge gaps in this regard.

In the marketing literature, the concept of loyalty has long been regarded by both marketing academics and practitioners as a valuable tool for developing and maintaining effective marketing strategy (Bennett & Bove, 2002). This notwithstanding, it appears that over the past thirty years and on, the concept maintains a debate by academics with the core issue

being the dimensionality and measurement of the construct. The term loyalty seems to be a complex multi-dimensional construct (Dick & Basu 1994; Javalgi & Moberg 1997). Nonetheless, during this period, views on loyalty have wavered between uni-dimensional and two-dimensional views. Early studies pursued either an attitudinal (Guest 1944) or behavioural approach (Cunningham, 1956) and this is still predominant in the present day.

Having considered the above, it is worth noting that customer loyalty can be divided into two main categories: behavioural loyalty and attitudinal loyalty. This is in sync with past studies that have measured loyalty using purely behavioural or attitudinal measures. To gain an appreciation of the loyalty make-up of the firm's customer base, this study deems it fit considering the measure of loyalty to include attitudinal and behavioural loyalty.

**Attitudinal Loyalty:** Early researchers felt the need to include “attitude” in the broad definition of loyalty. The first perhaps to identify and express the need for the inclusion of attitudinal loyalty is Day (1969). Subsequently, the works of other scholars such as Jacoby and Kyner (1973) and Jacoby (1971) emphasized that an individual will become loyal and committed to a brand following a series of psychological (evaluative and decision making) processes. They argue, it is this commitment that distinguishes brand loyalty from other forms of repeat purchase behaviour. In their study, Baldinger and Rubinson (1996) observed that an extension of the behavioural definitions of loyalty to include attitudes better explains the concept of loyalty. This is in sync with the assertion of Chaudhuri and Holbrook (2001) who found purchase loyalty and attitudinal loyalty as positive consequences of brand trust and brand affect. Attitudinal loyalty is operationalized by assessing consumer perceptions of the “overall rating” of the brand (Fishbein & Ajzen, 1975) and the concept of attribute frequency (Bettman & Park, 1980; Russo & Doshier, 1983).

Behavioural Loyalty: Several scholars believe (e.g., Kahn, Kalwani & Morrison, 1986; Ehrenberg, 2000) that loyalty of a consumer to a brand can be best captured through repeat purchase. Essentially, their argument is grounded on the idea that no true definition of brand loyalty exists, and any attempt to advance an argument for this could best be described as a waste of time. Newman (1966), however, was the first to challenge the approach of associating behaviour patterns with preferences to assume loyalty. Day (1969) and Coulson (1966), however, distinguish between “spurious loyalty” and “true/intentional loyalty” that go further than the regular acquiring of a brand.

### **3.7 Conceptual Framework Development**

The preceding section discusses the conceptual framework that underpins the study. In this part, literature is reviewed on the relationships that exist among the various concepts that define the scope and spine of the work. Here, the focus of the thesis is highly demonstrated to reflect how competition as perceived by customers play a moderating role on the model that extant literature has defined to exist among the relationship between customer value anticipation, satisfaction and customer loyalty.

### **3.8 Customer Value Anticipation and Customer Satisfaction**

Woodruff (1997) argue that holding the needs of the customer as a focus, service providers can align organizational structure, decision-making processes and strategic indicators, first, to predict customers’ future value, and then to fulfil customers’ need, and finally provide customer value. Gronroos, (2008), however, assert that real customer value is based on customers’ ongoing needs and usage. Customers believe that customer value is based on their expectations being satisfied; hence a sense of improvement in their service provider’s

capacity to effectively anticipate their future value enhances their satisfaction and reduces their insecurity to utilize the offerings of their service providers (Gronroos, 2008).

In the existing literature, there has been limited empirical evidence to show that service providers who improve their offerings to fill important customer needs reap higher levels of satisfaction among their customers (Anderson & Sullivan, 1993; Zeithaml, Parasuraman & Berry, 1990). In fact, customer value theory even suggests, on one hand, a positive link exists between satisfaction and positive customer evaluation of value (Churchill & Surprenant, 1982; Woodruff, 1997; Woodruff & Gardial, 1996). On the other hand, Woodruff (1997) admits that customers' evaluation of value has an influence on satisfaction through disconfirmation perceptions when customers make comparisons among the value they receive to some other standards. Since customer value anticipation aims at predicting and meeting customers' ongoing needs and usage, this study therefore hypothesises that:

H1a: Perceived Customer Value Anticipation positively affects customer satisfaction

### **3.9 Customer Value Anticipation and Customer Loyalty**

Customer loyalty is a crucial factor in measuring companies' growth and their performance. At a most basic level, loyalty is linked with the repeat business. Thus, a customer is loyal when he is frequently repurchasing a product or service from a particular provider.

The perceived value from the product and the service affects customer judgement about their satisfaction or loyalty with the product or the service. The significance of customer loyalty is that it is closely related to the company's continued survival and to its strong future growth (Fornell, 1992). Loyalty behavior can take on several forms, but is usually operationalized as a future intention to repurchase products and services or continue a working relationship (Dick & Basu, 1994; Fornell, 1992). Thus, customers' evaluation of what it will be like to do

business in the future with a service provider is strongly tied to the level of loyalty they are willing to extend.

Service firms' CVA behavior could be seen as a major player in the perception formation, hence an important role in these evaluations. At best, customers that are very satisfied with a company are very likely to remain with that company that leads to future revenue for the company (Heskett, Sasser, & Schlesinger, 1997).

In contrast, some scholars have suggested that not all satisfied customers may be loyal customers (Fornell, 1992). Accordingly, Woodruff's (1997) argument that customers' perception of value occurs throughout the purchasing process of customers, either one-time purchase or repurchases holds here. In a more elaborated manner, Sweeny and Soutar, (2001) found in their study that even though perceived value is related to satisfaction, the two are not the same. Studies such as Lam, Shankar, Ettamilli, and Murthy (2004) that explored relationships between customer value, perceived customer value, satisfaction and loyalty found positive correlations among the constructs. This suggests that customers will be more loyal to firms that are able to anticipate their future needs. Following this, the study hypothesizes that:

H1b: Customer value anticipation positively affects behavioural loyalty

H1c: Customer value anticipation positively affects attitudinal loyalty

### **3.10 Customer Satisfaction and Customer Loyalty**

Many studies that have developed measurement scales for customer satisfaction have linked customer satisfaction to firm performance (Anderson, Fornell & Rust 1997; Bernhardt, Donthu & Kennett 2000). For instance, the impact of customer loyalty on firm performance

profitability has been demonstrated in literature where the ability of a company to retain a customer by 5% can lead to an increase in profits between 25% and 85% depending on the industry type (Reichheld & Sasser, 1990).

Moore and Santomero (1999) contribute to this understanding by asserting that high customer retention rates are associated with better financial performance. However, in moving from a transaction orientation to a relationship orientation (Berry 1995; Grönroos 1995; Morgan & Hunt 1994), contemporary marketing thought acknowledges that gaining and sustaining customer loyalty as the ultimate goal may be more important than achieving customer satisfaction (Agustin & Singh 2005). Studies also show that it rather costs more to acquire new customers than it costs to retain existing customers (Slater & Narver, 2000). Obviously, though the link between customer satisfaction, customer loyalty, and financial outcome is not as straightforward as it may seem (Carroll 1991; Carroll & Rose 1993; Reinartz & Kumar 2000) small changes in loyalty and retention can yield disproportionately large changes in profitability (Reichheld 1993; Reichheld, Markey & Hopton 2000; Reichheld & Teal 1996).

Similarly, studies that have explored relationships between what customers perceive as value have generated positive relations between customer satisfaction and customer loyalty (Lam et al., 2004). According to Sivadas and Baker-Prewitt (2000), customer loyalty is the ultimate objective of customer satisfaction measurement. It is found to be a key determining factor of a brand's long-term viability (Krishnamurthi & Raj, 1991).

### **3.11 The Moderating Effect of Competition on Customer Value Anticipation, Satisfaction, and Loyalty**

The presence of rivalry firms who sell similar services and products on a market define the level of competition in such markets. In most instances, market competition might motivate competitive firms to increase their sales, achieve higher revenue streams, and increase market



share through an effective utilization of the marketing mix, rather than might collapse rivalry firms. In the marketing literature, as a case in point, competition is regarded as a major factor that contributes to environment hostility (Zahra & Covin, 1995). A hostile business environment is one that is often characterized by recurrent changes in customer preferences and one that is known for the presence of erratic competitive strategies (Story, Boso & Cadogan, 2015) from the firms that operate within such markets. According to Jaworski and Kohli, (1993), market uncertainties are predicted by the dynamic nature of market characteristics and competitive pressure. From this perspective, the success of businesses in competitive markets might depend therefore on the ability of firms to develop competitive strategies (Hambrick, 1983) and on the prior experiences competing firms have to deal with the uncertainties in these environments (Augier & Teece, 2009). In this study, however, the discussion of competition would be limited to customers' perception of the availability of rival firms on the market, and the availability of industry competitive offerings, substitutes or alternatives that match customer dynamic tastes and preferences. In particular, the measure of competition would be limited to customers' own perception of the level of competition in the banking sector of the services industry.

Chakravarty, Feinberg, and Rhee (2004) have observed that the banking sector is predisposed to customer switching behaviour due to increasing competition among retail banks and the homogeneity of banking products and services. The ability of bank service firms to offer substitute products and services makes customer satisfaction a centre of attention to researchers and bankers, as customer satisfaction represents a generally important marketing variable for most companies, especially those working in more competitive markets. Banking experience, for instance, proves that achieving a reasonable rate of customer satisfaction represents a challenge for banks. Besides, customer loyalty remains a vital and a scarce resource which could be utilized such that there is long-term profitability (Fang, Chang, Ou,

& Chou, 2014; Melnyk & Bijmolt, 2015). Anticipating customer value is a strategic way to meeting and managing dynamic changes in customer tastes and preferences (Kandampully, 1999). Specifically, customers' perception of the ability of the firms that serve them to anticipate customer value is an essential strategy that motivates customers to be satisfied and loyal to the firms, and which correspondingly helps firms in achieving customer satisfaction and loyalty (Ho, Hseish & Yu, 2014; Vargo & Lusch, 2004). Yet, Zhao and Tamer Cavusgil (2006) believes that when the level of market competition is high, the ability to predict with certainty will diminish leaving both firms and customers to act opportunistically. This idea suggests that the ability to anticipate customer value might be impacted by the level of market competition. As a case in point, the ability of competition to influence the relationship that customer value has with loyalty has been demonstrated in some empirical studies (Chen, 2015; Durkin, 2017). The level of competition is expected to make customers open to choices that might impact the level of their loyalty commitment to the firms that serve them (Durkin, 2017). This illustrates that the degree of market competition is expected to make customers attracted to competing firms as it implies that rivalry firms might be in a better situation to offer substitute products and services to the competitive market which eventually might influence customer satisfaction behaviour and customer loyalty behaviour. Therefore, we hypothesise that:

**H2a:** Competition as perceived by customers has moderating effect on customer value anticipation on satisfaction.

**H2b:** Competition as perceived by customers has moderating effect on customer value anticipation on attitudinal loyalty.

**H2c:** Competition as perceived by customers has moderating effect on customer value anticipation on behavioural loyalty.

### **3.12 Influence of Gender on Satisfaction and Loyalty**

Empirical studies have been conducted in the context of customer value management to understand how customers respond to diverse company offerings and services. With the understanding that customer tastes and preferences is likely to change with the passage of time and in response to company innovative products and processes, an understanding of how different categories of customers (in terms of their gender classifications) respond to the value anticipating efforts of firms may also be beneficial to managers who are directly responsible for reducing customer churn while ensuring that their firms beat competition and sustain competitive advantage. Customer value anticipation has been explained in past empirical studies to have a tendency of inducing both customer satisfaction and loyalty, due to its ability to deliver the kind of customer value that actually matters to customers and that which actually meets their expectations (Flint et al., 2011). In the same way, the importance of having loyal customers have been observed in a number of empirical studies (Jacoby & Chestnut, 1978; Zeithmal, Berry, & Parasuraman, 1996). Zeithmal, Berry, and Parasuraman, (1996), for instance, note that customers who are loyal would consider repurchasing an organisation's brand, spread positive word of mouth about the brand, and would even be willing to pay more for the organization's brand. But, across all industries, customers who are not satisfied with their service providers have been noted to usually portray low loyalty and high defection rates (Feinberg, 2001), which is also particularly true for retail banks (Holmlund & Kock, 1996). In particular, males and females have been noted to display contrasting behavioural patterns towards the same firm who offers the same bundle of customer value (Bakewell & Mitchell, 2004). In their study, for instance, Dholakia (1999) found differences in the shopping behaviour of customers across different gender streams. In their study, Dholakia (1999) found differences in the shopping behaviour of customers across different gender streams similar to the findings of Srivatsa and Srinivasan (2008), whose

study on gender psychographic of banking customers in India showed that male and female customers portray dissimilar behaviour in their preference of banks, banking channel choice, and bank product usage. Their study emphasised that while female bank customers tended to give emphasis to channel convenience and savings, male customers tended to have a preference for safety and the convenience of electronic channels, and attached greater importance to the value of a loan product. These findings show that males and females differ in buying styles and behaviour, and may have different attitudinal and behavioural response to the strategic efforts of the firms that serve them. Since customer value anticipation is extensively argued as having a positive influence on satisfaction and loyalty, information gathered from different customer segments while taking their sexual orientations into perspective might help in explaining how gender might moderate the impact of customer value anticipation on customer satisfaction, customer attitudinal loyalty and customer behavioural loyalty.

**H3a:** Gender has moderating influence on the relationship between customer value anticipation and satisfaction

**H3a:** Gender has a moderating influence on customer value anticipation and behavioural loyalty

**H3b:** Gender has a moderating impact on customer value anticipation and attitudinal loyalty

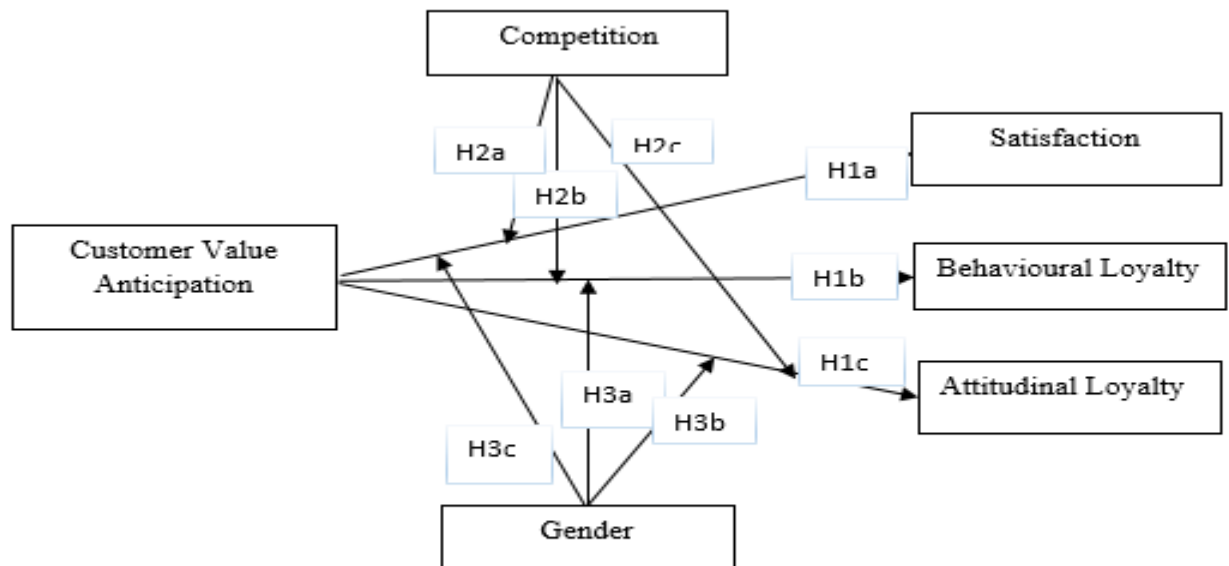


Figure 3.1 Conceptual Model

The study proposes that customers' perceived customer value anticipation from their service firms will positively predict their satisfaction, attitudinal and behavioural loyalty respectively. Also, competition as perceived by customers is hypothesized to moderate the relationship of the predictive effect of customer value anticipation on satisfaction, attitudinal loyalty and behavioural loyalty respectively. Likewise, the study also comes out with the hypothesis that gender has a moderating impact on the relationship customer value anticipation has with satisfaction, behavioural loyalty and attitudinal loyalty respectively.

## CHAPTER FOUR

### RESEARCH METHODOLOGY

#### 4.0 Introduction

This chapter of the thesis discusses how the study was conducted, outlines the procedures that were used in achieving the research objectives, and provides justification for each of the steps

taken in conducting the research. It reports on the research philosophy adopted for the study, the research approach used, strategy employed, the choice of a research method, time horizon, and concludes with the techniques and procedures employed.

#### **4.1 Research Philosophy**

To clarify the design and overall structure of the research, the study adopted a positivist research philosophy. A positivist research philosophy believes that only factual knowledge gained from observation and reliable measurement is trustworthy. To reach a generalization and appropriate explanation of the specific research objectives, a positivist research philosophy was employed to interfere on reality through experience by observing reality from the outside.

Again, since the study has clearly outlined research hypotheses, the study relied on a positivist research approach to test the specified relationships with objective reality. In a positivist research approach, ideas from the research setting are specified and tested to provide confirmation or empirical verification of the ideas so specified from the research field. Since this study is empirical in nature, the social reality of the study's underlining argument was analysed by specified constructs to help reach specified generalisation.

Using specially operationalised constructs helped to advance the reality of the argument from a theoretical level to an empirical level of understanding. Hence, in a technical sense, the positivist research approach is considered the suitable philosophy underpinning this study

#### **4.2 Research Approach**

The research approach can take either of these two forms; deductive approach or inductive approach (Saunders, Lewis, & Adrian, 2009). The study adopted a deductive research

approach to establish the relationship between theory and the empirical. A deductive research approach begins with analyzing a theory and then testing the related theory by collecting empirical data. This helps to move from a more general into an exact example. The deductive approach is the central approach in the natural sciences (Collis & Hussey, 2003)

By using a sufficient sample size of 330 MBA universal bank customers drawn from the University of Ghana, the deductive research strategy helped to generalise the answers to the specific study. In an empirical research of this nature, in order to obtain sufficient information that helps to either reject or strengthen the theory, the study followed the recommendation of Bryman & Bell (2015) in a series of linear steps to answer the research questions by using what is known from the study area and the theories connected to the specific phenomenon. The study considered a deductive strategy appropriate because it perfectly fits into the overall research design. It is also the most common approach and view about the relationship between theory and empirical in social science.

#### **4.3 Research Strategy**

The study employed a survey strategy in collecting and analysing the data to validate the objectives of the study. Saunders et al., (2009) argue that a survey strategy allows researchers to collect data in a quantitative form and use descriptive and inferential statistics in its analysis. Since the objective of the study was to assess relationships among the hypothesised constructs, a survey strategy was deemed appropriate since survey methods suggest possible reasons for particular relationships between variables and produce models of these relationships (Saunders et al., 2009). Following this, questionnaires were developed to measure six distinct constructs and other demographic variables as way of measuring and

providing data for analysis of the structural relationships hypothesised after the literature review has been done.

#### **4.4 Research Choice**

Saunders et al. (2009) in their famous research “onion” assert that a researcher is open to three choices in the conduct of their study. That is, the researcher is open to choose a mono method, a mixed method, or multi-method. The underlining study adopted a mono method because the approach was to use a single data collection technique and a corresponding analysis procedure (Saunders et al., 2009). This is common in most business and management research where a single research study usually uses a quantitative research technique and/or a qualitative research technique and procedures together with the use of primary and secondary data (Curran & Blackburn, 2001).

Choosing a mono method because of the overall research design and objective of the research, the study used a quantitative approach to test the objective theory by examining the relationship among the variables in the conceptual model. Since the discussion of the conceptual model allowed for the development of research hypotheses that established the relationships among the variables, a quantitative research design was considered appropriate.

To meet the objectives of this study, research hypotheses were developed following a thorough literature review, quantifiable data was collected on a five point Likert scale ranging from 1= strongly disagree to 5= strongly agree on a closed ended questionnaire, and the data was statistically analysed using Structural Equation Modeling. The quantitative approach allowed freedom in the collection of data while avoiding researcher bias. Likewise, the quantitative approach ensured relevance and reliability of the data collected by using quantitative metrics in its analysis.



#### **4.5 Time Horizon**

This is a cross-sectional study that aims at assessing the relationship customer value anticipation has with satisfaction and loyalty. As such, it aims at assessing this relationship at a particular time, and in partly fulfilment of an academic requirement which puts a time constrain on the researcher. Following this cross-sectional study, a survey strategy was designed in line with the objectives that guide this research work (Robson, 2002) and a quantitative method was accordingly adopted.

#### **4.6 Techniques and Procedures**

Saunders et al. (2009) assert that the techniques and procedures available to the research are summed up in the entire data collection and data analysis stages. This study followed the procedures below:

##### **4.6.1 Study population**

The target population for this study was MBA students who double as universal bank customers at the University of Ghana. The University of Ghana is a community of over 37,000 students (University of Ghana Report, 2017) and about 4,826 post-graduate students drawn from across the ten regions of Ghana and from other parts of the world. The university community has a banking square that houses seven different banks located on the same compound. These banks include UniBank, Cal Bank, Access Bank, Universal Merchant Bank (UMB), Republic Bank and Prudential Bank. Since banks in the banking sector usually offer similar products and services, competition among these banks cannot be overemphasized. At other parts of the campus, three different banks (Standard Chartered Bank, Barclays Bank,

and Ecobank) are sited at vantage points to serve both teaching and non-teaching staffs, including outsiders.

Since the objective of the study sought to establish the relationship customer value anticipation has with satisfaction and loyalty respectively within the context of the Ghanaian banking industry, customers in the sector best fitted to be sampled for the study. As the customers of all the universal banks in Ghana have some characteristics in common, though not entirely, the researcher considered it necessary limiting the population to only respondents at the University of Ghana. This is in part with Salant and Dillman, (1994), who posit that a prerequisite to sample selection is to define the target population as narrowly as possible and that sample selection should depend only on the population size, its homogeneity, the sample media, and the extent of precision required.

#### **4.6.2 Sampling Techniques and Sample Size**

Since the group of interest was typically large and containing too many cases or members which make it impossible to collect data from all of them, the current study needed to use a convenience sampling technique. In all, a total of 330 questionnaires were conveniently administered (in a “drop and pick” convenience sampling method) to respondents made up of MBA students who are universal bank customers at the University of Ghana. Crouch (1984) commends that “minimum sample sizes for quantitative consumer surveys are of the order of 300 to 500 respondents.” For this reason, the study considers this sample size sufficient for the analysis. Similarly, Hair et al. (2006) argues that for quantitative studies, sample sizes of 100 and above are appropriate. Other reasons for the use of a large sample size are reflected in the advantages stated below:

First, a large sample size maximizes the possibility that the mean, percentages and other statistics are the true assessments of the population. Thus, the result is able to reflect the true situation on the ground. Again, large sample sizes give the effects of randomness the chance to work. Lastly, the likelihoods of errors are reduced as the sample size increases. Since the study aimed at attaining precision, it considered it important to use a large sample size in a survey study.

#### **4.6.3 Sampling**

Analogous to previous studies on retail bank services (e.g. Narteh, 2013), the college student cohort segment was sampled for this exercise. The sample included MBA students at the University of Ghana, Legon who are customers of various universal banks. The MBA category is set up as both an evening and regular continuing student segment. Usually, the MBA classes are made up students of the working class who might have enough years of banking experience. Similarly, the MBA class is a student category with a lot of industry experience, and who might be typically considered about the operations of their banks because of the monies they control for being in the working class.

#### **4.6.4 Data Sources and Collection Method**

To gather appropriate data for the research, the study adopted a primary data collection method. Having the objectives of the study in mind, the study collected data specifically for the purpose for which the data were required. Similar to early studies on retail bank services (e.g. Narteh, 2013; Narteh & Owusu-Frimpong, 2011) the college student cohort was relied upon as suitable respondents for this study. By using closed-ended questionnaires, data was collected directly from a sample of 330 universal bank customers on the University of Ghana

campus. These respondents are MBA students, and form part of the Graduate Students Association of Ghana- University of Ghana Chapter.

Knowing the objective of this study, it was necessary to get relevant information from respondents (i.e., universal bank customers) on their opinions concerning their perception of their financial service providers' (in this case universal banks) customer value anticipation in the Ghanaian banking sector and how that influences their satisfaction and loyalty. Also, the purpose of the data collection was to assess how competition as perceived by the respondents moderates the relationship between customer value anticipation and customer satisfaction and loyalty having the Ghanaian banking sector in perspective. Since secondary data was limited, the study considered primary data collection as appropriate in gathering relevant data to validate the objectives of this study.

Permission was sought from the Graduate Students Association of Ghana – University of Ghana chapter and the hostels, halls of residence and the various lecture theatres of the MBA students were identified. These hostels and halls of residence are located on the main university campus, and are sited a few meters away from the banking square. Since the target population is MBA students, their lecture theatres are located in the University of Ghana Business School building, a multi-faceted building that houses lecture halls for both graduate students and undergraduate students, including offices for staff members. Apart from varying student time schedules on their time tables, most of the students at the business school are usually together which makes sampling a little convenient. At suitable times, and where appropriate, the respondents were intercepted in their lecture halls and in their halls of residence for data collection. Prior to the distribution of the questionnaires, the researcher and his assistant explained the objective of the study to them and guided them when necessary. Within ten working days, a total of 330 questionnaires were conveniently distributed and collected from the respondents for the data analysis.

Additionally, it is worth mentioning that the questionnaires (structured on a five-point Likert scale ranging from 1=Strongly disagree to 5= Strongly agree) were undisguised and structured. The questions were presented in exactly the same wording across the board, and ordered with fixed alternatives respectively.

#### **4.6.5 Mode and instruments for data analyses**

In this study, quantitative technique was adopted, and the Structural Equation Modeling using AMOS software was employed in the data analysis procedure. Studying customer value anticipation and its influence on customer behavioural outcomes such as satisfaction and loyalty from a quantitative approach is necessary as the purpose of this study seeks to examine and explain the relationships among the underlining constructs. Hence, this makes significant contribution to literature. All data gathered from the survey were coded and entered into the Statistical Package for Social Sciences (SPSS) for data cleaning and test of reliability of measurement constructs. A confirmatory factor analysis was run in the AMOS software, and using a structural equation modeling technique, the set of hypothesised relationships among the constructs were examined in the AMOS software version 22.

#### **4.6.6 Ethical considerations**

Due consideration and key attention was given to the research design before conducting the research. The researcher ensured that a very good research design was framed and maintained throughout the exercise. The purpose was to ensure that the findings are accurate and ethically applicable. Since respondents are often apprehensive when it comes to giving out information especially, in business situations where finances are involved, prior to the data collection, the researcher explained the purpose of the study to the target respondents and assured them of confidentiality and anonymity of their responses. Similarly, the respondents were assured that the study is only for the purposes of academics and as part of an academic exercise for the award of a research degree. This helped the respondents to freely give out confidential and vital information that helped in the success of this exercise. Very few participants had to be encouraged to complete the questionnaire due to their busy academic schedules.

### **4.9 Measures**

#### **4.9.1 Questionnaire Design**

All measurement scale items were assessed on a Likert-type five-point scale. The scale is used to measure the respondents' level of agreement or disagreement, where five signifies the highest agreement whereas one indicates the highest disagreement. The instruments measuring the constructs were adapted from the extant literature. However, the scale measuring the control variable (switching cost) 'The cost in time and effort of changing my bank to another bank are high for me'; and 'It would be very inconvenient for me to change my' was reversed coded during data entering because the questions were in a negative form.

#### **4.9.2 Customer value anticipation:**

In developing a measuring scale for CVA, the study adapted the works of Flint et al. (2011). Flint et al. (2011) had eight questions that measure customers' various needs, expectations and future requirements, and the plasticity of service firms towards their service customer requirements. The scale was assessed on a five-point Likert scale ranging from 1=strongly disagree to 5=strongly agree with  $\alpha= 0.908$ .

The scale is consistent with the interpretation of (a) suppliers looking ahead to customer's future needs and (b) customers' *perception that their service providers have such processes* and that these service providers can anticipate customer future value even when the customers themselves cannot do same. The two aspects of the scale (the distinction of which is not so clearly made in the questionnaire); the processes for looking ahead of customer future needs and expectation, and the resulting evidence that the service firm has actually looked ahead are simultaneously considered in this measurement scale.

#### **4.9.3 Customer loyalty:**

Measures for customer loyalty were categorized under two classes namely Behavioural Loyalty and Attitudinal Loyalty as described by scholars such as Morgan and Hunt (1994); Zeithmal, Berry and Parasuraman, 1996; and Lam et al. (2004). Four items were used to measure attitudinal loyalty concept with  $\alpha= 0.879$ .

The scale items for customer loyalty were assessed on a five-point Likert scale that range from 1=strongly disagree to 5=strongly agree. Behavioural loyalty with  $\alpha=0.821$  three scales items.

#### **4.9.4 Customer Satisfaction**

The global satisfaction of respondents (as opposed to transactional satisfaction) and the affective interpretation of satisfaction was taken into consideration in this study. Measures of satisfaction were adapted from Westbrook & Oliver (1991); Spreng, MacKenzie, & Olshavsky, (1996); Oliver (1997); Westbrook (1987). Five items were employed and were assessed on a five-point Likert scale that ranges from 1=strongly disagree to 5=strongly agree. Three items with  $\alpha=0.899$  survived in the confirmatory factor analysis.

#### **4.9.5 Competition**

Eight questions measuring competition were assessed on a five-point Likert scale that ranges from 1=strongly disagree to 5=strongly agree. However, three questions with  $\alpha= 0.787$  from the scale remained after the confirmatory factor analysis. Competition was conceptualized as service customers level of perception of how intense competition is in the banking sector; their knowledge of competitive moves from competitors; how frequent information is shared between competitor firms and their service customers (Khandwalla, 1972, 1973; Jaworski and Kohli, (1993).

#### **4.9.6 Control Variables**

##### **4.9.6.1 Switching Cost**

The study controlled for switching cost as having potential influence on customer loyalty. The study measured switching cost by effort and time costs of changing respondents bank,



and the level of convenience in doing so (Gerrard & Cunningham, 2004; Clemes, Gan, & Zhang, 2010).

#### **4.9.6.2 Education**

The study controlled for respondents' level of education as having potential influence on satisfaction. For instance, in their study, Mittal and Kamakura (2001) found that education can influence satisfaction and retention.

#### **4.9.6.3 Age**

The study also controlled for age as having the possibility of unduly influencing loyalty. With respect to age, studies such as Cohen, Clemens, and Wang (2013) revealed that younger customers (between 18 and 30 years) have a tendency to be less loyal to their banks than older customers have a tendency to be loyal (i.e., those above 60 years).

## CHAPTER FIVE

### DATA PRESENTATION, ANALYSIS, AND DISCUSSIONS OF FINDINGS

#### 5.0 Introduction

This chapter discusses the analysis of the data collected based on the context and underlining purpose of the study. It outlines the process of data screening and treatment of missing data. It also presents the demographic and descriptive analysis, the measurement model and structural model analysis, and concludes with what the study found and its discussion thereof.

#### 5.1 Data Screening and Treatment

In consonance with the objectives of the study, a thirty-one (31) item questionnaire measured on a five-point Likert scale was employed to gather data from a total of 330 MBA students who are customers of all ten (10) retail banks sited on the University of Ghana campus. These banks are UniBank, Cal Bank, Republic Bank, Universal Merchant Bank (UMB), Prudential Bank, Stanbic Bank, Access Bank, Ecobank, Standard Chartered Bank, and Barclays Bank. Three hundred and twenty (320) questionnaires were obtained from the total of three hundred and thirty (330) distributed for the study, representing 96.97% response rate.

The data gathered from the survey was coded, loaded into the Statistical Package for Social Sciences (SPSS) software and screened for the analysis. During the screening process, specific attention was paid to the task involved in scanning through the data to check for missing data and outliers that could skew the data, and consequently, skew the results of the analysis. This was done following the recommendation of Coakes and Steed (2001). From the data screening process, it was observed that twenty (20) of the questionnaires obtained, representing 6.25%, were unusable due to incomplete data/or biased responses. There were

no missing data from the remaining three hundred (300) questionnaires; hence they (300 questionnaires) were usable for the data analysis.

## **5.2 Profile of Respondents – Demographics**

This segment concisely describes the profile of the respondents on the basis of their demographic representation. The descriptive statistics of the respondents' demographic characteristics is represented in table 5.1. The respondents in the survey were profiled according to sex, age, educational level, type of account operated by the respondents, and the type of financial institution they bank with.

Of the 300 respondents, 51% were males and 49% were females. 42.7% were in the 18-25 age group; 41.3% were between the ages of 26 and 35; followed by 13.3% who were in the 36-45 age group; 2% fell into the age category of 46-55 age group; and 0.7% were above 55 years old. The proportion of degree holders to postgraduate masters is 52.7% and 47.3% respectively. 77.7% operate a savings account; 16.7% operate a current account; 0.3% operate foreign current account and 5.3% percent operate other accounts. The results from the data analysis shows that the majority of the respondents (representing 18% of the total respondents sampled) bank with Ecobank. On the contrary, a significant minority of 0.4% respondents bank with Republic Bank.

**Table 5.1 Demographic Description of Respondents**

Demographic Variable	Category	Percentage (%)
Gender of Respondents	Male	51
	Female	49
Age of Respondents	18-25 42.7	42.7
	26-35 41.3	41.3
	36-45 13.3	13.3
	46-55 2.0	2.0
	Above 55 0.7	0.7
Highest Level of Education	Degree	52.7
	Post Graduate/Masters	47.3
Type of Account	Savings	77.7
	Current	16.7
	Foreign Currency Account	0.3
	Others	5.3

**Source: Field Data (2018)**

### 5.3 Descriptive Statistics and Test of Normality of Variables

Studies involving human participants require that the data is subjected to descriptive analysis before any further data validation and analysis (Pallant, 2011). Following this, the data gathered from the survey was subjected to descriptive statistics to account for measures of central tendency such as the mean, range of scores, standard deviation, skewness and kurtosis.

Table 5.2 outlines the descriptive statistics of the various variables employed in the survey instrument. The outcomes indicate the point to which respondents disagreed or agreed with the statements in the questionnaire. The results also indicate how each measured item on the questionnaire performed from the point of view of each of the respondents. From table 5.2, the highest mean was 4.2167 (I feel that competition in the service sector is intense) while the

lowest mean was 3.090091 (My bank has learned to pick up cues in changes in what I want from them).

**Table 5.2 Descriptive Statistics and Test of Normality of Variables**

Scale Item	Code	Mean	Std. Deviation	Skewness	Kurtosis
I say positive things about my bank to others	<b>AL1</b>	3.7267	.99763	-.874	.728
I recommend my bank to friends who seek my advise	<b>AL 2</b>	3.6467	.99253	-.732	.424
I think that my bank has the best offers in the present	<b>AL 3</b>	3.4267	.97010	-.345	-.078
I will encourage friends and relatives to use the services of my bank	<b>AL 4</b>	3.7567	.90194	-.877	.989
I intend to buy other products from my bank	<b>BL1</b>	3.4700	1.01943	-.490	-.337
I consider my bank my first choice	<b>BL2</b>	3.5367	1.01262	-.567	-.077
I feel more attached to my bank	<b>BL3</b>	3.4400	1.01481	-.445	-.212
The costs in time and effort of changing my bank to another one are high for me	<b>SC1</b>	3.3367	1.13178	-.384	-.603
It would be very inconvenient for me to change my bank	<b>SC2</b>	3.1700	1.18566	-.260	-.939
I am not sure what the quality of service would be if I switched to another bank	<b>SC3</b>	3.4567	.98896	-.328	-.319
My bank successfully anticipates changes in my needs	<b>CVA1</b>	3.1367	.97356	-.102	-.537
My bank is able to understand my changing needs	<b>CVA2</b>	3.1600	.95784	-.210	-.408
My bank seems to be one step ahead of its competitors in predicting my needs	<b>CVA3</b>	3.1400	.97136	-.174	-.343
My bank presents new solutions to me	<b>CVA4</b>	3.2733	.99091	-.384	-.383
My bank regularly attempts to modify its products in line with my changing needs	<b>CVA5</b>	3.2567	.99032	-.201	-.507
My bank has learned how to pick up cues to changes in what I want from them	<b>CVA6</b>	3.0900	.94775	-.252	-.371
My bank is always looking for clues that might reveal changes in what I currently ask them	<b>CVA7</b>	3.1167	.94483	-.139	-.352
My bank plans ahead of time in anticipation of what I want from them	<b>CVA8</b>	3.1400	.98164	-.113	-.245
I feel that competition in the banking sector is intense	<b>CPT1</b>	4.2167	.88260	-1.173	1.245
I hear about new competitive moves from different banks almost everyday	<b>CPT2</b>	4.1067	.85110	-.992	.993

There is promotion war in the banking sector	<b>CPT3</b>	3.9000	.87896	-.696	.377
I think that there is vast difference among the competing banks when it comes to meeting their customer needs	<b>CPT4</b>	3.7667	.99441	-.751	.103
I see that competing banks are constantly informing customers of their services	<b>CPT5</b>	4.0800	.85403	-1.257	2.345
I get offers from other banks almost all the time	<b>CPT6</b>	3.6933	1.06288	-.658	-.162
I see that bank customers are price sensitive and therefore react to price changes	<b>CPT7</b>	3.7633	.88124	-.818	1.116
I see that whatever one competitor can offer others can match	<b>CPT8</b>	3.7967	.87438	-1.013	1.361
I am very pleased with the products and services offered by my bank	<b>CS1</b>	3.5700	1.00755	-.776	.078
I feel delighted when I think of the relationship I have with my bank	<b>CS2</b>	3.4833	.95888	-.594	-.108
I am very satisfied with the decision to choose my bank	<b>CS3</b>	3.6667	.92651	-.915	.725
Overall, my bank comes up to my expectation	<b>CS4</b>	3.5167	1.00985	-.683	-.251
Overall, my bank treats me very fairly	<b>CS5</b>	3.7100	.94634	-.940	.600

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**Source:** **Field** **Data** **2018**

#### **5.4 Confirmatory Factor Analysis (CFA)**

A confirmatory factor analysis was done to define the overall strength of the model's estimates. In a study of this nature, it is necessary to run a CFA in order to provide an appropriate estimation for the multi-interrelated associations that exist amongst the constructs (Bagozzi & Yi, 2012; Hair et al., 2010). The study considered it appropriate running a confirmatory factor analysis because a CFA helps to evaluate the validity of the construct and estimate reliability of subjective measurement instruments. It thus helps to test psychometric properties of measurements scales.

Bagozzi and Yi (2012) are of the view that, testing the reliability and validity of the measurement is well-regarded in structural modeling, without which, the model is pointless. To test the reliability and validity of the measurement scales employed in this study, a Structural Equation Modeling using *AMOS software v. 22.* for Windows was employed. The aim was to define the overall strength of the model's estimates.

#### **5.5 Assessment of the Measurement Model**

Six factors were used in this study. The measurement models of the six constructs (Behavioural Loyalty, Attitudinal Loyalty, Customer Value Anticipation, Competition, and Switching Cost) were assessed in a CFA through Structural equation modeling (SEM). SEM is a confirmatory technique that requires a model that delineates the relationships among variables.

In performing the CFA, the measurement models of the six factors were each entered into the Amos Software and were statistically manipulated to generate the needed results. A SEM requires a model that is based on theory. But often times, the identified model does not fit the data. So, it requires an assessment of the model fit. Two classes of fit exist; the absolute fit

and the relative fit. Within these two classes of fit, there are different fits that are commonly used in SEM. The absolute fit indices are the fit indices that look at the ability of the model to reproduce the observed covariance matrices, whereas the relative fit indices compare the theoretical model specified to a baseline model. This baseline model assumes no relationship between variables. Examining fit indices are very important in SEM analysis. They are useful in testing certain types of hypotheses, especially comparing alternative models. Some important absolute fit indices include the chi squared value ( $X^2$ ). A non-significant  $x^2$  ( $p > 0.05$ ), for instance, indicates good fit. Chi square value looks at the hypotheses that the observed and implied covariance matrices are equal.

**Table 5.3 Results of initial Confirmatory Factor Analysis**

<b>Construct</b>	<b>Items</b>	<b>Standardized Loading</b>	<b>t-Values</b>	<b>R<sup>2</sup></b>	<b>(CR)</b>	<b>(AVE)</b>	<b>Cronbach's Alpha</b>
<b>Attitudinal Loyalty</b>	AL1	0.797	FIXED	0.639	0.886	0.659	0.879
	AL2	0.812	15.279	0.659			
	AL3	0.781	14.549	0.610			
	AL4	0.825	15.590	0.350			
<b>Behavioural Loyalty</b>	BL1	0.743	FIXED	0.639	0.824	0.611	0.821
	BL2	0.831	13.822	0.659			
	BL3	0.761	12.705	0.579			
<b>Customer Value Anticipation</b>	CVA1	0.672	FIXED	0.452	0.865	0.563	0.908
	CVA2	0.745	12.568	0.554			
	CVA3	0.737	11.471	0.544			
	CVA4	0.731	11.384	0.534			
	CVA5	0.760	11.774	0.577			
	CVA6	0.788	12.155	0.622			
	CVA7	0.756	11.723	0.571			
	CVA8	0.769	11.899	0.591			



<b>Competition</b>	CPT1	0.655	FIXED	0.429	0.759	0.518	0.787
	CPT2	0.787	10.807	0.620			
	CPT3	0.603	8.826	0.364			
	CPT4	0.469	7.080	0.220			
	CPT5	0.670	9.627	0.450			
	CPT6	0.518	7.747	0.269			
	CPT7	0.459	6.950	0.211			
	CPT8	0.592	8.685	0.350			
<b>Customer Satisfaction</b>	CS1	0.751	FIXED	0.564	0.888	0.665	0.899
	CS2	0.780	14.958	0.609			
	CS3	0.820	15.475	0.672			
	CS4	0.842	15.112	0.709			
	CS5	0.826	14.634	0.682			
<b>Switching Cost</b>	SC1	0.583	FIXED	0.340			
	SC2	0.812	7.170	0.660			
	SC3	0.561	7.040	0.314			

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**CMIN = 800.992, DF = 419, CMIN/DF = 1.912, CFI = 0.92, SRMR = 0.53, AGFI = 0.821, RFI = 0.831, NFI = 0.848, TLI = 0.912, GFI = 0.849, RMSEA = 0.055, PCLOSE = 0.069**

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**Source: Field Data (2018)**

Following the confirmatory analysis report, some unfit indices were identified in the first output generated by the AMOS software (see *Table 5.4* below). Thus, there was the need for modifications and further purifications to improve the fitness (Bagozzi & Yi, 2012). By default, the AMOS software provides some possible modifications to help improve the model fitness. Grounded on these recommendations, some items that did not do well with respect to the model veracity, fitness and validity were observed and systematically deleted, subject to the suggestions of Hair *et al.* (2010, p. 713). Based on the respective sizes of factor loadings, measurement errors cross-loadings, and the correlation between the measurement errors, the initial measurement model was modified on two different occasions.

In the first modification (Phase II), three items were deleted from the measurement scales for *Customer Value Anticipation*, and two from *Satisfaction* respectively. Nonetheless, the model fit indicated the need to systematically delete additional scale items to improve the fitness. As a result, the second modification (Phase III) ensured the deletion of one item from Switching Cost and five items from competition. As a final point, ten items from the initial 31 scale items were deleted after the CFA, leaving the six constructs with 21 scale items in total which achieved the best fit indices.

**Table 5.4 CFA Results for Final Measurement Model**

Construct	Items	Standardized Loading	t-Values	R <sup>2</sup>	(CR)	(AVE)	Cronbach's Alpha
<b>Attitudinal Loyalty</b>	AL1	0.988	15.265	0.637	0.822	0.608	0.879
	AL2	1.000	FIXED	0.659			
	AL3	0.939	14.817	0.607			
	AL4	0.927	16.035	0.683			
<b>Behavioural Loyalty</b>	BL1	0.901	13.840	0.556	0.880	0.646	0.821
	BL2	1.000	FIXED	0.688			
	BL3	0.913	14.150	0.578			
<b>Customer Value Anticipation</b>	CVA2	0.928	12.486	0.542	0.833	0.556	0.834
	CVA3	1.000	FIXED	0.611			
	CVA4	0.959	12.473	0.540			
	CVA5	0.948	12.335	0.530			
<b>Competition</b>	CPT1	0.807	9.641	0.486	0.777	0.543	0.746
	CPT2	1.000	FIXED	0.764			
	CPT5	0.702	8.994	0.379			
<b>Customer Satisfaction</b>	CS2	0.986	14.943	0.632	0.852	0.554	0.850
	CS3	1.000	FIXED	0.687			
	CS5	0.997	15.237	0.652			
<b>Switching Cost</b>	SC1	0.329	2.311	0.173	0.878		0.669
	SC2	1.000	FIXED	0.683			

CMIN = 302.168, DF = 155, CMIN/DF = 1.949, GFI = 0.91, CFI = 0.95, IFI = 0.95, TLI = 0.94, NFI = 0.90, SRMR = 0.051, RMSEA = 0.056, PCLOSE = 0.132

Source: Field Data (2018)

## 5.6 Validity and Reliability for Final Measurement Model

The study draws on the commendations of Hair *et al.* (2014) to assess the measurement model through three main criteria, namely: (1) Convergent validity; (2) Reliability; and (3) Discriminant validity.

### **5.6.1 Convergent Validity**

A measurement scale is said to be convergent valid if any two measures of constructs that hypothetically ought to be related are, in fact related. Convergent validity is a sub-type of construct validity, and it examines that constructs that ought to be related are truly related.

The convergent validity of the items was assessed by factor loadings and Average Variance Extracted (AVE). For any measurement to be convergent valid, Anderson and Gerbing (1988) propose a minimum factor loading threshold of 0.6. As displayed in *Table 5.5*, the factor loadings ranging from .702 to 1.0 are well above the minimum threshold of .60 as established by Anderson and Gerbing (1988), except SC1(cost in time and effort in changing banks for respondents). This means that customers, in this situation, do not find it expensive in in terms of time and effort when changing banks. A more likely explanation of this could be due to the proximity of the respondents' banks to where customers live. Contrary to this, the results, thus, provide sufficient support for convergent validity (see Anderson and Gerbing (1988). Similarly, the AVE values of .543 to .817 are above the minimum required value of 0.50, as suggested by Fornell and Larcker (1981), also confirming the convergent validity for all the constructs measured.

### **5.6.2 Reliability**

In psychological research, reliability is defined as the degree to which an assessment tool yields stable and consistent results. Basically, reliability has to do with the quality of measurement. To ensure that the measurement scale used to validate the results of this study is reliable, the Cronbach's Alpha ( $C\alpha$ ) and Composite Reliability (CR) were each calculated to assess the reliability of each item on the measurement scale. *Table 5.5* reveals that, the

reliability measures for the modified measurement model are above the acceptable standards ( $C\alpha > .70$ ,  $AVE > .50$ , and  $CR > .70$ ) as established by Hair *et al.*, 2014; Nunnally & Bernstein, 1994). That is, the internal consistencies (Cronbach's alpha values of 0.787 to 0.908 and composite reliability values of 0.759 to 0.888) for each construct are larger than the minimum threshold of 0.70.

**Table 5.5 Composite Reliability and AVEs of Constructs**

Construct	Composite Reliability	Average Variance Extracted
Attitudinal Loyalty	0.880	0.646
Behavioural Loyalty	0.822	0.608
Customer Value Anticipation	0.833	0.556
Competition	0.777	0.543
Customer Satisfaction	0.852	0.657
Switching Cost	0.695	0.817

### 5.6.3 Discriminant Validity

Further, the study employed the Fornell-Lacker criterion and cross loadings to establish the discriminant validity of the constructs. According to Fornell and Lacker (1981), the square root of the AVE should be greater than the correlation between the construct and the other constructs.

**Table 5.6 Factor Matrix showing Discriminant Validity** (displaying the square root of the AVE and the correlations among the constructs diagonally.)

	1	2	3	4	5	6
1. AL	<b>(0.812)</b>					
2. BL	.718**	<b>(0.782)</b>				
3. CVA	.529**	.548**	<b>(0.750)</b>			
4. CPT	.241**	.197**	.185**	<b>(0.720)</b>		
5. CS	.638**	.637**	.629**	.206**	<b>(0.816)</b>	
6. SC	.172**	.264**	.150**	.060	.225**	<b>(0.948)</b>

**Note: Since the Variances Extracted (values on the diagonal) are greater than the corresponding inter-construct square correlations (values off the diagonal), discriminant validity is supported (Source: Field Data, 2018).**

\*\* . Correlation is significant at the 0.01 level (1-tailed).

## 5.7 The Structural Model

In an empirical research of this nature, after establishing that the measures of the constructs are reliable and valid, what follows is the valuation of the structural model results. This stipulates the extent of the relationship that exists among the latent variables, and the extent to which they interact with one other. According to Kline (2015), the structural model assesses the statistical test and the analysis of the theorized relationships between the latent variables. Thus, the operational structural model shown in this study aims to test the hypothetical hypotheses grounded on the conceptual framework for this study.

## 5.8 Validation Test of Structural Model

Byrne (2016) is of the view that key issues of interest that are required to validate the hypothesized relationships are: “(i) whether the directions of the relationships between the

constructs are as hypothesized, which can be examined looking at the signs of the respective parameters; (ii) the strength of the hypothesized links, reflected by the estimated parameters, which should be at least significant (i.e., their respective t-values should be greater than 1.96); and (iii) the amount of variance in the endogenous variables explained by the respective proposed determinants, which can be evaluated looking at the squared multiple correlations ( $R^2$ ) for the structural equations". There are three main relationship paths, seven other paths for the control variables, and three paths showing the relationship between the moderator and the dependent variables. The three main relationship paths represent the correlation between the three dependent variables (satisfaction, behavioural loyalty and attitudinal loyalty) and the independent variable (customer value anticipation).

For this study, the  $R^2$  for the dimensions of customer value anticipation leading to satisfaction, behavioural loyalty and attitudinal loyalty are 0.53, 0.31 and 0.61 respectively. These values indicate that the measures of customer value anticipation as conceptualized in the study could have adequate capacity in determining the satisfaction, behavioural and attitudinal loyalty of customers (*see* Henseler, Ringle & Sarstedt, 2016).

The signs and magnitude of the estimates were used to assess the path coefficients. The path coefficient for CVA on satisfaction is positive and significant, with  $\beta$  of .047, t-value of 8.550, and p-value of .000. Similarly, CVA on behavioural loyalty has a  $\beta$  of .050, t-value of 9.912, and p-value of 0.000. Therefore, the path coefficient of CVA on behavioural loyalty is also positive and significant. In the same way, the path coefficient of CVA on attitudinal loyalty is positive and significant with  $\beta$  of .048, t-value of 3.059, and p-value of 0.002. As a result, the proposed hypotheses (H1a, H1b, and H1c) in the framework are supported. Conversely, the moderating effect of competition on the relationship between customer value

anticipation on satisfaction, behavioural loyalty and attitudinal loyalty yielded non-significant results in all three hypothesized relationships (i.e. H2a, H2b, H2c).

In addition, the assessment of the absolute fit and incremental fit of the proposed model was measured. A normed chi-square value of 1.342; root-mean-square-error of approximation (RMSEA) value of 0.034; and goodness-of-fit index (GFI) of 0.996, indicate an excellent absolute fit for the model. The incremental fit measures produced a normed fit index (NFI) value of 0.99, and a comparative fit index (CFI) of 0.99. These indicate that the structural model has an acceptable fit and has accomplished a satisfactory level of nomological validity (Bagozzi & Yi, 2012; Hair et al., 2014; Hu & Bentler, 1999). Table 5.6 depicts the statistical results from the structural equation modeling test of the hypothesized paths.

**Table 5.7 Results for the path analysis through SEM**

Dependent Variable	Independent Variable	Std. estimate	t-value	p-value
<i>Controls</i>				
Satisfaction	← Education	0.050	-.664	0.506
Behavioural Loyalty	← Switching Cost	0.037	2.652	0.008
Behavioural Loyalty	← Age Group	0.046	2.302	0.021
Attitudinal Loyalty	← Switching Cost	0.049	1.821	0.069
Attitudinal Loyalty	← Age Group	0.061	0.714	0.475
<i>Direct Effects</i>				
Satisfaction	← Customer Value Anticipation	0.047	8.550	***
Behavioural Loyalty	← Customer Value Anticipation	0.048	3.059	0.002
Attitudinal Loyalty	← Customer Value Anticipation	0.050	9.912	***
<i>Interaction Effects</i>				
Satisfaction	← Customer Value Anticipation × Competition	0.040	-.838	0.402
Behavioural Loyalty	← Customer Value Anticipation × Competition	0.036	0.669	0.504
Attitudinal Loyalty	← Customer Value Anticipation × Competition	0.48	0.947	0.344

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**Notes:** CMIN/DF= 1.342, CMIN= 6.708, DF= 5, GFI= 0.996, NFI= 0.99, AGFI= 0.95, TLI= 0.976, IFI= 0.99, CFI= 0.99, RMSEA= 0.034, SRMR= 0.016. \*\*\*  $p < 0.001$  R<sup>2</sup>: Satisfaction (0.53) Attitudinal Loyalty (0.61) Behavioural Loyalty (0.31) 0.976, IFI= 0.99, CFI= 0.99, RMSEA= 0.034, SRMR= 0.016. \*\*\*  $p < 0.001$

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## 5.9 Structural Model Hypotheses Assessment

To assess the hypotheses for this thesis, all the hypothesized paths were assessed simultaneously in a one structural model. In structural equation modeling, a series of inter-related dependence relationships can be statistically estimated simultaneously. Thus, in SEM analysis, the postulated model can be statistically confirmed in a simultaneous analysis of the total system of variables to define the extent to which it is consistent with the data. SEM, also regarded as the preferred causal modeling technique, allows for measurement error control, and helps to provide the degree of fit of the tested model (Yuan et al., 2010; MacKinnon et al., 2002). The structural model provided satisfactory fit indices that paved way for the analysis of the hypothesized model. The fit indices indicated a good fit CMIN/DF= 1.342, CMIN= 6.708, DF= 5, GFI= 0.996, NFI= 0.99, AGFI= 0.95, TLI= 0.976, IFI= 0.99, CFI= 0.99, RMSEA= 0.034, SRMR= 0.016. \*\*\*  $p < 0.001$ .

Table 5.7 presents the test results of the hypotheses and its effect among the various latent variables drawn from the influence of each causal path. H1a predicted that customer value anticipation will positively and significantly influence customer satisfaction and H1a was supported with coefficient value  $b = 0.042$  which was significant at  $p < 0.001$ . H1b also predicted that customer value anticipation will positively and significantly influence behavioural loyalty. H1b was supported with coefficient value  $b = 0.050$  and significant at  $p < 0.001$ . The p-value of customer value anticipation on behavioural loyalty is 0.002 and has coefficient value of  $b = 0.048$ . H1c which predicted that customer value anticipation will positively and significantly influence behavioural loyalty was also supported. Finally, the



study assessed the moderating effect of market competition as perceived by customers on the impact customer value anticipation has on customer satisfaction, behavioural loyalty and attitudinal loyalty respectively in H2a-c.

Following the recommendation by Marsh, Morin, and Nagengast, (2013), a multiplicative approach to analyzing the moderating effect on relationships was employed. The study precisely followed Ping (1995) to create single indicants for each variable involved in multiplicative interactions as use of single indicants helps reduce model complexity. To assuage for possible multicollinearity problems due to the usage of interactive terms, all measures involved in multiplicative interactions were mean-centered (Little, David, & Noel, 2006; Ping, 1995). In respect of the hypotheses, H2a argues that competition will moderate the relationship between customer value anticipation on satisfaction. The analysis in table 5.8 shows that there was no significant relationship between the interaction effect of competition and customer value anticipation on satisfaction ( $b=0.040$ ,  $p>0.05$ ) therefore the hypothesis was not supported. Hypothesis 2b states that competition moderates the relationship between customer value anticipation and behavioural loyalty. The study found that hypothesis H2b was not supported ( $b=0.48$ ,  $p>0.05$ ). Similarly, the study did not find support for H2c which propose that competition moderates the relationship between customer value anticipation and attitudinal loyalty ( $b=0.48$ ,  $p>0.05$ ).

**Table 5.8 Model fit measures and their respective threshold for the structural model as recommended by Hu and Bentler (1991).**

Measure	Estimate	Threshold	Interpretation
CMIN	6.708	--	--
DF	5	--	--
CMIN/DF	1.342	Between 1 and 3	Excellent
CFI	0.997	>0.95	Excellent
SRMR	0.016	<0.08	Excellent
RMSEA	0.034	<0.06	Excellent
PClose	0.600	>0.05	Excellent

Table 5.8 presents the benchmark against which the data drawn from the Structural Equation Model analysis were assessed.

### 5.10 Multi-group Moderation Analysis – Using Gender

Knowing from the findings of this study that the moderation effect of competition as perceived by customers is not significant for the model, the study went further to test a multi-group effect of gender on the structural model as a robust measure. Below are the findings from the multi-group test using chi square differences.

### 5.9 Chi square Difference Test for the entire model – Using Gender

**Table 5. 9 Chi square Difference Test for the entire model – Using Gender Assuming Model Unconstrained to be correct:**

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Structural weights	12	27.784	.006	.041	.041	-1.821	-1.984

The chi square difference test for the entire model indicated that even though the interaction effect of competition and customer value anticipation is insignificant with respect to the structural model, there exist differences across gender. This suggests that different categories

of customers (male and female) will have differences in opinion with respect to the interaction effect of competition and customer value anticipation on satisfaction and loyalty.

**Unconstrained Model**

**Table 5.10 Regression Weights: (Female - Unconstrained)**

			Estimate	S.E.	C.R.	P	Label
ZBehLoy	<---	ZCompt	.126	.072	1.757	.079	b1_2
ZSatisfaction	<---	ZCompt	.100	.069	1.451	.147	b2_2
ZAttLoy	<---	ZCompt	.238	.070	3.376	***	b3_2
ZBehLoy	<---	ZInteraction	-.100	.079	-1.259	.208	b4_2
ZSatisfaction	<---	ZInteraction	.012	.076	.157	.875	b5_2
ZAttLoy	<---	ZInteraction	-.177	.078	-2.278	.023	b6_2
ZSatisfaction	<---	ZCusAnt	.532	.071	7.494	***	b7_2
ZAttLoy	<---	ZCusAnt	.450	.072	6.218	***	b8_2
ZBehLoy	<---	ZCusAnt	.485	.074	6.572	***	b9_2
ZAttLoy	<---	ZSwitch	-.006	.073	-.079	.937	b10_2
ZSatisfaction	<---	ZSwitch	.097	.072	1.356	.175	b11_2
ZBehLoy	<---	ZSwitch	.052	.075	.693	.488	b12_2

**Table 5.11 Regression Weights: (Male - Unconstrained)**

			Estimate	S.E.	C.R.	P	Label
ZBehLoy	<---	ZCompt	.117	.065	1.798	.072	b1_1
ZSatisfaction	<---	ZCompt	.007	.068	.101	.920	b2_1
ZAttLoy	<---	ZCompt	.067	.071	.944	.345	b3_1
ZBehLoy	<---	ZInteraction	.163	.056	2.903	.004	b4_1
ZSatisfaction	<---	ZInteraction	.090	.059	1.525	.127	b5_1
ZAttLoy	<---	ZInteraction	.076	.061	1.234	.217	b6_1
ZSatisfaction	<---	ZCusAnt	.613	.067	9.190	***	b7_1
ZAttLoy	<---	ZCusAnt	.568	.069	8.214	***	b8_1
ZBehLoy	<---	ZCusAnt	.597	.063	9.435	***	b9_1
ZAttLoy	<---	ZSwitch	.119	.066	1.802	.071	b10_1
ZSatisfaction	<---	ZSwitch	.153	.064	2.401	.016	b11_1
ZBehLoy	<---	ZSwitch	.242	.060	3.999	***	b12_1

**Table 5.12 Model Comparison for Males and Females – Full Model**

	Female				Male			
	Estimate	S.E.	C.R.	P	Estimate	S.E.	C.R.	P
ZBehLoy <--- ZCompt	.126	.072	1.757	.079	.117	.065	1.798	.072
ZSatisfaction <--- ZCompt	.100	.069	1.451	.147	.007	.068	.101	.920
ZAttLoy <--- ZCompt	.238	.070	3.376	***	.067	.071	.944	.345
ZBehLoy <--- ZInteraction	-.100	.079	-1.259	.208	.163	.056	2.903	.004
ZSatisfaction <--- ZInteraction	.012	.076	.157	.875	.090	.059	1.525	.127
ZAttLoy <--- ZInteraction	-.177	.078	-2.278	.023	.076	.061	1.234	.217
ZSatisfaction <--- ZCusAnt	.532	.071	7.494	***	.613	.067	9.190	***
ZAttLoy <--- ZCusAnt	.450	.072	6.218	***	.568	.069	8.214	***
ZBehLoy <--- ZCusAnt	.485	.074	6.572	***	.597	.063	9.435	***

### 5.12 SINGLE PATH ANALYSIS FOR THE INTERACTION EFFECT

**Table 5. 13 (B4 Interaction on Behavioural Loyalty) Assuming model Unconstrained to be correct:**

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Structural weights	1	7.221	.007	.011	.011	-.333	-.362

Using a chi square difference test by freely estimating the two models except constraining the one path equal across groups, the study found that the effect is **different across gender** when the path between the interaction and behavioural loyalty is constrained while all other paths are freely estimated. The effect is positively strong for males (0.16) and negative for females (-.10). The interaction effect of customer value anticipation and competition can be

moderated by gender in contrast to the effect from a fully estimated model. Males are more likely to be behaviourally loyal when the competition is intense than females will do.

**Table 5.14 (B5 Interaction on Satisfaction) – Nested Model Comparison**

Assuming model Unconstrained to be correct:

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Structural weights	1	.657	.417	.001	.001	-.410	-.446

Using a chi square difference test by freely estimating the two models except constraining the one path equal across groups, the study found that the effect is **not different across gender** when the path between the interaction and satisfaction is constrained while all other paths are freely estimated. In line with the findings from the first part of analysis, this finding indicates that males as well as females do not consider the interaction effect of competition and customer value anticipation significant. In the presence of competition or not, both gender will be satisfied with the value anticipatory part of their service providers.

**Table 5.15 (B6 Interaction on Attitudinal Loyalty) Assuming model Unconstrained to be correct:**

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Structural weights	1	6.437	.011	.009	.010	-.342	-.372

Using a chi square difference test by freely estimating the two models except constraining the one path equal across groups, the study found that the effect is **different across genders** when the path between the interaction and attitudinal loyalty is constrained while all other paths are freely estimated. The study found that the effect is stronger for females (0.63) than for males (0.61)

### **5.13 Discussion of findings**

The goal of this study is to contribute to the customer value anticipation and strategy management literature by building on the findings of previous research in the area of value anticipation and customer value management to answer the following research questions: What influence does customer value anticipation have on customer satisfaction and loyalty; and what moderating role does competition play in this relationship?

To answer these questions, the study based on customer value theory to theorize that customer value anticipation will positively predict satisfaction, attitudinal loyalty and behavioural loyalty respectively. Further, the study hypothesized a moderating effect of competition as perceived by customers on the model. For academics and practitioners, the results offer novel perceptions into the link between customer value anticipation, satisfaction and loyalty, and the situational effect of competition on the model in the setting of an emergent economy, i.e. Ghana.

#### **5.13.1 Influence of customer value anticipation on satisfaction and loyalty**

First, the initial hypothesis was to examine the predictive effect of customer value anticipation on customer satisfaction. The findings show that anticipating customer value in the banking sector is significantly related to bank customer satisfaction. This confirms studies by Flint et al., (2011), Yu et al., (2011) who found that customers who perceive that their service firms are able to anticipate their future needs are usually satisfied with their service firms. The findings suggest that if banks want to get satisfied customers, then customer value anticipation has to be considered as an organizational strategy. That is, banks who want to have satisfied customers must make continuous effort to effectively manage their customer

value anticipation and value delivery strategy. This is because the way banks handle customer current value as well as their future value will affect the satisfaction of their customers.

In hypotheses H1b and H1c, attitudinal loyalty and behavioural loyalty were seen as antecedents of customer value anticipation. The results are consistent with the findings of Flint et al., (2011), Yu et al., (2011) who found that customer value anticipation positively predicts loyalty. The findings suggest that a high level of customer value anticipation will create a platform that yields increased customer repurchase decision and customer positive word of mouth. Thus, to retain bank customers, banking institutions may focus on key approaches to customer value anticipation identified as measurement scale items for customer value anticipation in this study. Specifically, bank service operators should understand their customer-specific needs as well as probable changes that could reflect in fluctuations in customer future desires. They should understand the customers and be able to pick up clues from them to help anticipate efficiently future desirable needs of their customers. To the bank customer, they would recommend banks that are able to come out with innovative offers that meet their dynamic demands.

Most of the products and services offered by banks are very similar and easily imitable by competing banks. For instance, almost all banks operate Automated Teller Machines and have services that include the use of cheque books for depositing and withdrawing of cash. Today's banking customer will be loyal to banks that anticipate variations in the kind of services they would want their service providers to offer and that which supersede what currently is being demanded from them. For instance, bank customers will recommend and say positive things about banks that are able to predict that customers are likely to demand for untraditional bank offers such as the payment of utility bills, insurance claims and benefits, on behalf of customers beyond the provision and supply of traditional bank products and

services that characterize banks in general. Creativity and innovation through value anticipation then brings benefits to both the service firm and the service customer.

To the bank manager, this empirical evidence should send an indication on the need to be creative in responding to and managing dynamic customer needs. Banks should therefore strive effortlessly in strengthening the relationships they have with service customers since that is necessary for accurate value anticipation to occur. It is through the engagement with customers that clues are obtained for successful customer value anticipation to occur. Banks should open up new communication frontiers that enhance engagement with customers, and ensure that all communication barriers are eliminated as practicable as necessary.

### **5.13.2 Moderating role of competition on the relationship customer value anticipation has with satisfaction and loyalty.**

In hypotheses H2a, H2b and H2c, the effect of competition on the relationship customer value anticipation has on satisfaction and loyalty was statistically insignificant, on the basis of the aggregate sample relied upon for this study. These findings differ from some previous studies (Durkin, 2017; Chen, 2015) that argue that competition has moderating effect between customer value and loyalty. The Banking industry is one of the growing and competitive sectors - as most of the products and services offered are identical. Strong competitive banks are now differentiating on new ways of learning and competitive service strategy development. The lack of a significant moderating effect for competition as perceived by customers when combined with customer value anticipation may be explained, partly, by the contrasting role of competition, on one side, and customer value anticipation on another hand. These contrasting constructs may act at cross purposes to each other, and thus may contribute to the disparity observed in the study's findings.



Customer value anticipation is a positive element that bank customers may perceive as an essential tool in generating customer-specific desired future value. Some evidence from literature even suggests that customer value anticipation is a major predictor of customer satisfaction and loyalty (Flint et al., 2011; Yu et al., 2011). On the other hand, competition is seen as a major variable that negatively affects organizational performance (Ambler, Cranston, Hon, & Eaton, 1999) and breeds opportunistic reactions for both service providers and service customers (Zhao & Cavusgil, 2006; Mysen, Svensson, & Payan, 2011). The contradictory forces created by opposing motivations of customer value anticipation and competition could be the explanatory reason for the lack of a significant interaction, as predicted by the second three hypotheses (H2a-c).

As a robust measure, however, when a multi-group moderation analysis with gender was performed, it did have a significant influence on attitudinal loyalty and behavioural loyalty, but not satisfaction. These findings confirm findings from previous studies (see Srivatsa & Srinivasan, 2008; Omar, 2008), and an explanation of this may be based on psychographics, social roles and evolutionary processes.

For males, the results indicate that competition strengthens the positive effect of customer value anticipation on behavioural loyalty. On the contrary, the study observed that competition significantly dampens the positive effect of customer value anticipation on behavioural loyalty for females. The results suggest that as customer value anticipation increases, males will be more behavioural loyal while females will become disloyal to the service firm. Considering this finding, banks will lose female customers in the face of competition even when customer value anticipation exists. Whilst competing for customer loyalty, banks should be aware of this fact. This will enable them to come out with innovative ideas and strategies to retain customers across both genders. This finding adds incremental information to marketing and to the operational knowledge of banks service providers by

providing empirical evidence to some unanswered theoretical questions. To the bank manager, under a competitive banking market service cap, customer value anticipation should be improved to levels that supersede industry standards and satisfy customers across both genders. Only after this can customer loyalty exist in the presence of intense competition as perceived by customers.

Also, for males and females, the influence of the moderation effect of competition on the relationship customer value anticipation has with attitudinal loyalty was positively significantly across both genders. The findings, however, indicate that between males and females, the interaction effect is stronger for females than it is for males. This suggests that as customer value anticipation increases, banks are more likely to have more attitudinal loyal female customers than they would have for males. Under this situation, competition in the banking sector as perceived by customers, no matter how high it may be, may be less important in generating attitudinal loyalty streams in males than it may do for females. In turn, the interaction effect of customer value anticipation and competition is stronger for female bank customers than it is for male bank customers.

To the service bank, the adoption of well-crafted and implemented market segmentation strategies will be a very good complement for their value anticipation processes and outcomes. This is especially true and beneficial following the findings of this study that provides empirical evidence to the effect that for various gender groups, the interaction effect of customer value anticipation and competition results in differences for different categories of customers.

## **5.11 Chapter summary**

This chapter outlined the data analysis processes and how the results were presented and discussed. Using a structural equation modeling procedure, the reliability and validity of the measurement scales were confirmed in a confirmatory factor analysis. Similarly, with the aid of AMOS software version 22, all hypothesized relationships were estimated and authenticated in a structural equation modeling method.

The findings indicated that customer value anticipation predicts satisfaction and loyalty respectively. On the contrary, the empirical results suggested that competition as perceived by customers insignificantly does not moderate the relationship on the structural model.

## **CHAPTER SIX**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **6.0 Introduction**

This chapter of the study will provide summaries of the main findings drawn from the work; and the conclusions reached. It will also extend some recommendations that will serve as the basis for further studies in this area. Similarly, it will provide some lessons for policy implementation and managerial considerations.

#### **6.1 Summary of key findings**

First, the study sought to examine the relationship amongst customer value anticipation, satisfaction and loyalty (attitudinal loyalty and behavioural loyalty). To do this, the study used a multiple regression model to test the predictive outcome of the independent variable (i.e. customer value anticipation) on the dependent variables (i.e. satisfaction, attitudinal loyalty, and behavioural loyalty). The results of the regression model clearly depict a positive significant effect of customer value anticipation on satisfaction, attitudinal loyalty, and behavioural loyalty respectively. Based on this finding, it is reasonable to put forward the indication that the greater the level of customer value anticipation, the greater the level of customer satisfaction, attitudinal loyalty and behavioural loyalty respectively.

Second, the study sought to examine the moderating weight of competition on the connexion between customer value anticipation, satisfaction, attitudinal loyalty and behavioural loyalty.

To investigate how well competition moderates the relationship, a structural equation modeling technique was employed to validate the postulated relationships. The results revealed that competition was insignificant in strengthening or weakening, or changing the direction of the relationships hypothesized in the structural model, using the collective sample for the entire study. On the contrary, a multi-group moderation analysis using different gender sects indicated that the interaction effect offers significant results that proffer differences across gender (males and females) for both attitudinal and behavioural loyalty, but not with satisfaction.

## **6.2 Theoretical Implications**

The theoretical implication this study makes is that it has contributed in providing empirical evidence within the context of an emerging economy with respect to the relationship customer value anticipation has with satisfaction and loyalty. This is supported by the findings of the study which indicate that 53% explains the contribution of customer value anticipation on satisfaction, 61% on attitudinal loyalty, and 31% on behavioural loyalty.

The study therefore, builds on earlier studies in the area of customer value anticipation and satisfaction and loyalty (see Flint et al., 2011; Yu et al., 2011) which provided a positive link on the relationship customer value anticipation has with satisfaction and loyalty. The study adds value to the literature by empirically linking customer value anticipation and moderating variables to satisfaction and loyalty in the context of an emerging economy.

## **6.3 Conclusions of the study**

This thesis shows that internal firm strategies such as a firm's ability to predict ahead of time customers' desired value can act as a helpful predictor of satisfaction, attitudinal loyalty and

behavioural loyalty. Hence, customer value anticipation is seen as a strategic tool that provides benefits to both the service customer and the firm.

Particularly, as the focus of all service exchanges has been shifted towards the customer, it remains an essential point of discourse that service firms understand their customers, and develop, more importantly; dynamic customer value anticipation strategies that can help them walk the customer throughout their lifetime value with them. Though there has been substantial growth of scholarship and interest in customer value and its correlation with customer response behaviours, it is still needful for prospective studies to inquire deeper into the inter-relationship among customer value anticipation, satisfaction and loyalty.

More specifically, there is the need to explore the effect of other boundary conditions on this model. In an attempt to shed light on the effect of boundary conditions on the conceptualized model, this study examined the model from the perspective of a single emerging economy. For more generalizability, it will be of much interest and importance to scholarship, if a larger emerging and developed economies with more robust market conditions are considered.

#### **6.4 Recommendations**

The findings of this study have helped in providing tentative support for the hypothesis put forward that customer value anticipation influences satisfaction and loyalty. As an antecedent to building satisfaction and loyalty, it is recommended that service firms seeking to find strategic ways of drawing and sustaining satisfied and loyal customers consider customer value anticipation a core strategic tool needed for organizational growth and competitiveness, rather than a mere organizational consideration. Bank service providers can benefit from

stimulating a sense of community by increasing the collaborative effect needed for a successful customer value anticipation process to enhance customer satisfaction and loyalty.

Second, banks should improve on customer value anticipation through consistent and timely evaluation of their customer value anticipation evaluators that provide the avenue for obtaining relevant information needed for effective customer value anticipation to occur. Such indicators expose relevant clues in the world of the customers and help to develop positive scripts that reveal the actions that occur during the customer value anticipation process.

Third, bank service providers should improve upon their market segmentation strategies, especially at a time where the moderating effect of the interaction shows significant differences across demographic genders. Marketing segmentation becomes a necessary competitive strategic tool, particularly in markets where different consumers respond differently to marketing offers. Since the findings of this study show different results across genders, bank managers and all service providers should strive on improving upon their market segment-based strategies to help make full benefit of customer value anticipation.

Additionally, since recent studies has provided sufficient justification on how important the student bank segment attractiveness is in the long run (see Mokhlis, 2009), the study recommends that banks and service providers should improve their ability to understand, value and find innovative ways in addressing the financial needs of student bank segment in more critical marketing manners. Specifically, the study recommends that banks ensure that they deliver services that delight customers in their value anticipation practices.

Finally, it is recommended to service firms (banks in this context) that since competition in the banking sector keeps increasing, banks and service firms must strive on developing strategies that emphasize more personal relationships with their service customers and that

which raises customers overall level of satisfaction and loyalty. Specifically, banks and service firms must strive on understanding the personal and special needs of specific customers, and work on must strive on anticipating core service that offers specific value to identifiable customers.

### **6.5 Implications for Practice**

Managers assessing the performance impact of their CVA efforts on customers in the global service economy must recognize the factors that could influence performance effects. The findings of this study show that customer value anticipation is a major predictor of satisfaction and attitudinal and behavioural loyalty intentions, even in the presence of competition as perceived by service customers. That is, the results suggest that though there is a direct relationship between customer value anticipation and satisfaction, attitudinal and behavioural loyalty, the interaction effect of competition and customer value anticipation on the established model has no significant relationship among them.

While, service marketers typically treat customer value anticipation as a predictor of a service firm's market potential, the findings of the study provide a more nuanced picture of the effect of customer value anticipation. Specifically, CVA not only influences satisfaction and loyalty (as illustrated by the strong direct effect in the model) but its interaction with competition renders the effect of competition a mixed set of insignificant and significant weights in its moderating effect on CVA and satisfaction, attitudinal loyalty and behavioural loyalty.

This is contrary to past studies that show significant correlations between the moderating effect of competition and loyalty. In particular, the results imply that when customers have higher perceived value from the value anticipation outcomes from their service providers they tend to be satisfied and loyal, and that has no significant relationship with the interaction effect of competition and customer value anticipation.



## **6.6 Suggestions for Future Research**

This study might not have covered all the outcome variables and antecedents of customer value anticipation, as well as the situational conditions that can have an impact on the model.

Hence there is the need for future research to be conducted with the aim to:

Imploring other situational conditions that can moderate the relationship of customer value anticipation with satisfaction and loyalty, explore the importance of customer value anticipation in improving profitability and market share of service firms, particularly in the banking sector, and exploring the antecedents of customer value anticipation.

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## APPENDIX

### APPENDIX: CUSTOMER VALUE ANTICIPATION SURVEY INSTRUMENT

#### FOR THE GHANAIAN BANKING SECTOR



**Dear Sir/Madam,**

I am an MPhil. research student at the Marketing and Entrepreneurship Department of University of Ghana Business School. I am embarking on a research project titled; *“Customer Value Anticipation, Satisfaction and Loyalty: The moderating role of competition*

and gender”. I would be very grateful if you would spend few minutes of your time in filling out this questionnaire. Besides, I assure you that all information provided will be used for academic purposes only. Thank You.

**Please choose the most appropriate to you from the following statements:**

1. Which financial institution do you bank with? (Choose your most preferred if you have multiple accounts)  
.....
2. Type of account [prove the option(s)] i. Savings [ ] ii. Current [ ] iii. Foreign Currency Account [ ] Other(s)  
.....
3. Gender Male [ ] Female [ ]
4. Age group 18-25[ ] 26-35 [ ] 36-45 [ ] 46-55 [ ] Above 55 [ ]
5. What is your Highest Level of Education? Certificate [ ] Diploma[ ] Degree [ ] Post-graduate/Masters [ ]

**Please choose your level of agreement or disagreement with the following statements by ticking Key: Strongly Agree (5) = SA Agree (4) = A Neutral (3) = N Disagree (2) = D Strongly Disagree (1) = SD**

No.	ATTITUDINAL LOYALTY	SD 1	D 2	N 3	A 4	SA 5
1.	I say positive things about my bank to others					
2.	I recommend my bank to friends who seek my advise					
3.	I think that my bank has the best offers in the present					
4.	I will encourage friends and relatives to use the services of my bank					
	BEHAVIOURAL LOYALTY	SD 1	D 2	N 3	A 4	SA 5
5.	I intend to buy other products from my bank					
6.	I consider my bank my first choice					
7.	I feel more attached to my bank					

	<b>SWITCHING COST</b>	<b>SD 1</b>	<b>D 2</b>	<b>N 3</b>	<b>A 4</b>	<b>SA 5</b>
8.	The costs in time and effort of changing my bank to another one are high for me					
9.	It would be very inconvenient for me to change my bank					
10.	I am not sure what the quality of service would be if I switched to another bank					
	<b>CUSTOMER VALUE ANTICIPATION</b>	<b>SD 1</b>	<b>D 2</b>	<b>N 3</b>	<b>A 4</b>	<b>SA 5</b>
11.	My bank successfully anticipates changes in my needs					
12.	My bank is able to understand my changing needs					
13.	My bank seems to be one step ahead of its competitors in predicting my needs					
14.	My bank presents new solutions to me					
15.	My bank regularly attempts to modify its products in line with my changing needs					
16.	My bank has learned how to pick up cues to changes in what I want from them					
17.	My bank is always looking for clues that might reveal changes in what I currently ask them					
18.	My bank plans ahead of time in anticipation of what I want from them					
	<b>COMPETITION</b>	<b>SD 1</b>	<b>D 2</b>	<b>N 3</b>	<b>A 4</b>	<b>SA 5</b>
19.	I feel that competition in the banking sector is intense					
20.	I hear about new competitive moves from different banks almost everyday					
21.	There is promotion war in the banking sector					
22.	I think that there is vast difference among the competing banks when it comes to meeting their customer needs					
23.	I see that competing banks are constantly informing customers of their services					
24.	I get offers from other banks almost all the time					
25.	I see that bank customers are price sensitive and therefore react to price changes					
26.	I see that whatever one competitor can offer others can match					

	<b>CUSTOMER SATISFACTION</b>	<b>SD 1</b>	<b>D 2</b>	<b>N 3</b>	<b>A 4</b>	<b>SA 5</b>
27.	I am very pleased with the products and services offered by my bank					
28.	I feel delighted when I think of the relationship I have with my bank					
29.	I am very satisfied with the decision to choose my bank					
30.	Overall, my bank comes up my expectation					
31.	Overall, my bank treats me very fairly					