EXAMINING THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CONSUMER REPURCHASE INTENTION WITH MEDIATING ROLE OF GRATITUDE FEELINGS AND MODERATING ROLE OF CORPORATE IMAGE

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ABSTRACT

The objective of the study was to examine the relationship between service quality (SQ), with mediating role of gratitude feelings (GF), and moderating role of corporate image (CI) on consumer repurchase intention (CRPI). For empirical analysis data was collected from 157 customers of restaurants of Pakistan. The findings disclosed the significant positive relationship between service and consumer repurchase intentions. The results revealed that customers do not follow their gratitude feelings for revisiting any restaurant, and corporate image also do not increase their interest for repeat purchases.

INTRODUCTION

Quality services means delivering companies product and services in such a way that it meets customer’s expectations and steering their behavior intention in an accurate way (Zeithaml, Berry, & Parasuraman, 1996). In service industry quality is one of the most important determinants for retaining consumers (Jr, Brady, & Hult, 2000). Management puts best efforts to produce quality services to get the competitive advantage over competitors and to form customer’s perception about goods and services. Customer perception is the way they evaluate the quality of the services, which directly influences their post purchase behavior (Tam, 2000). Taylor and Baker (1994) found out that when consumers are served with high quality services, they feel turns level of satisfaction and which leads to repurchase intention.

Repurchase behavior is when a customer intends to re-purchase the product in future. Past studies have shown that quality services, values, and customer’s satisfaction play a vital role in producing repurchase intentions (He & Song, 2009). To retain customers for long term, companies improve their services by adding value; customers not only enjoy the added value but also prefer to stay with companies (Kuo, Wu, & Deng, 2009). When companies are wholly responsible for delivering services, and they fail, it directly effects consumers purchase intention negatively. However, if companies provide any valid reasons for their service failure and make sure to improve it in future, it positively effects consumers’ decision for future (Grewal, Roggeveen, & Tsiros, 2008). High service quality increases the customer satisfaction which in return decreases the customer switching behavior, and they want to acquire services again and again (Srivastava & Sharma, 2013).

Service quality and its relation with consumers purchase intention has been tested in several studies before, but the mechanism though which service quality affects consumer repurchase intention is not well defined; especially the role of gratitude feelings has not been tested (Raggio, Walz, Godbole, & Folse, 2014).

Gratitude feelings are feelings of appreciation (emotions) for obtained benefits (Folse & Raggio, 2009). Gratitude is very important for buyer and seller relationships (Raggio et al., 2014). Seller exerts an effort to give his best services to the buyer, which generates gratitude feelings but if the consumer is not relation prone, he/she would consider it an unfair process. (Xia & Kinney, 2014). Gratitude feelings are produced in an individual when that person gets internally happy (Watkins, Woodward, Stone, & Kolts, 2003). People show different reactions to services, and their positive and negative feelings are very important elements in either service success or failure (Soscia, 2007). High level of service quality generates positive perceived value which adds in customer satisfaction and positive opinion about the organization (Hu, Kandampully, & Juwaeheer, 2009).

Along with the effort to satisfy customers, another aspect is really important, and that is to retain the customers for longer time period by creating favorable image of the organization in the eyes of the customers (Kandampully & Suhartanto, 2003). When companies deliver high quality services, and consumers make favorable corporate image in mind, they get satisfied and are more likely to
Quality services and consumers repurchase intention

In this competitive era, attracting new and retaining existing customers have become a huge challenge for companies (Zhao, Lu, Zhang, & Chau, 2012). Therefore, to maintain market share, companies have to deliver some kind of value in order to maintain repurchase cycle (Kim, Galliers, Shin, Ryoo, & Kim, 2012) hence companies are seeking new ways to make their customers more satisfied (Kaura, Durga, & Sharma, 2015) and happy in order to retain them for a longer period of time.

One way of retaining customers is to improve the quality of products and services which the company is providing. Quality services means the whole impression of the corporation to the customers through service and products provided (Yü & Ramanathan, 2012). Customers who are served with high quality services are more likely to form a favorable image (Wu H. C., 2013) which helps in building consumers trust (Lu & Lin, 2010) so they attach different levels of feelings from the projected corporate image (Lin & Lu, 2010).

The current study’s framework is based on reasoned action plan theory in which consumer’s behavioral intention is influenced by his attitude (the way individual perceives quality), and how other people talk about the service provider (corporate image) (Hansen, Jensen, & Solgaard, 2004). This study intends to explain relationships between quality services, gratitude feelings, corporate image and customer repurchase intention.

LITERATURE REVIEW

Quality services and consumers repurchase intention

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Hypothesis 1. Quality services have a significant positive impact on consumer repurchases intention.

Gratitude feelings as a mediator between service quality and consumer repurchase intention

Gratitude feelings are intrinsic emotions (Algoe, Fredrickson, & Gable, 2013) which means positive and negative emotions that describe consumers feelings about any product and services (Laros & Steenkamp, 2005). Gratitude is a mechanism for building relationships (Algoe, Gable, & Maisel, 2010). When consumers purchase anything it either generates pride or guilt for the transaction (Antonetti & Maklan, 2014). If companies meet customers’ expectations, it generates a sense of appreciation, that satisfies customers and ultimately lead to higher sales from the repurchase cycle (Yee, Yeung, & Cheng, 2011); but if companies fail in delivering what customers want, they are more likely to switch to some other source (Malik, Ghafoor, & Iqbal, 2012).

Consumers buying decision is effected by different factors such as the information which buyers get from different people, service quality provided by service provider, and his own feelings and personality (Arslan & Zaman, 2014). Emotions effect consumer’s behavior differently in different situations, especially cognitive approach helps in building consumption behavior (Watson & Spence, 2007). Similarly, Gratitude feelings have a considerable impact on individual’s satisfaction (Lavy & Ovadia, 2011), which means, people with high gratitude feelings are more happy and fulfilled as compare to people with less gratitude feelings (Chan, 2010). In other words, grateful people are more likely to make purchases again and again from the company, and they tend to spread positive words. Customers trust companies for what they offer (Poolthong & Mandhachitara, 2009) and value their efforts. Hence, Companies struggle hard to meet the customer’s expectations and to generate their positive behavior about the company. Since customer’s favorable behavior means willingness to purchase products again and to spread positive words for obtained product and services (Lai & Chen, 2011), that is why companies provide excellent services to their customers.
to ensure their future revisits (Dlacic, Arslanagic, Maglajlic, Markovic, & Raspor, 2013).

In restaurants settings consumers express their gratitude to service provider by giving tips. It could be a significant tip or a small tip. The amount of tip depends on service provided (Lynn & McCall, 2000). Different companies design different marketing strategies such as delivering gifts (free lunch, tickets, special sales offer) to their existing and potential customers to generate gratitude feelings, and consumers express their gratitude in the form of purchasing from companies in future as well (Bodur & Grohmann, 2005). A result of a study in a wine industry indicated that people who receive special attention and warmth at wineries, they develop some unobvious emotions such as gratitude feelings, which significantly affect consumers to reciprocate their feelings by purchasing wine (Kolyesnikova & Dodd, 2009; N., H., & A, 2006).

Hypothesis 2. Gratitude feelings mediate the relationship between service quality and customers repurchase intention.

Corporate image as a moderator between service quality and consumer repurchase intention

Corporate image is very important to remain in the market and to capture the maximum market share. It also describes how much customers can rely on a company. Buyer’s information about any brand or product influences his decision for purchase (Wang & Yang, 2010). Customers get attracted towards brand which is providing two benefits; one is good appearance and the other is functionality of the brand (Sondoh Jr., Omar, Wahid, Ismail, & Harun, 2007). Appearance of a brand such as logo design, color, style, facilities and physical environment all this association helps in developing brand image (Alexandris, Douka, Papadopoulos, & Kaltsatou, 2008).

Companies take a lot of steps to build corporate image (Javalgi, Traylor, Gross, & Lampman, 1994) because it not only makes consumers perception but also affect their buying attitude (Wu, Liao, & Tsai, 2012). However, a brand with great look and feel projects a well established corporate image (Martenson, 2007) and stays in consumers mind. Consumers give high preferences to the well recognized brands (Chi, Yeh, & Yang, 2009) because of the trust for products quality (Chiang & Jang 2007) and the experiences they already had with them.

Corporate brand image influences consumers mind for company’s product and services (Beren, Riel, & Bruggen, 2005); it also determines customer’s loyalty in terms of staying with the company for a long time period (Cretu & Brodie, 2007). In case of a good experience, image of the company gets stronger in the eyes of consumers and vice versa. This is why good quality services have a direct impact on corporate image, (Lai, Griffin, & Babin, 2009). Similarly, to increase customers’ revisits, companies need not only to focus on customers’ satisfaction, but also on creating the favorable image (Ryu, Han, & Kim, 2008). Shukla’s (2011) study on luxury products showed that brand image influences customer purchase behavior because consumers want to establish a superior image in front of others. Wu C. C. (2011) study on hospitals showed that positive hospital image not only satisfy patients but also force them to revisit. High quality services provided by the positively established name resists customer from switching brand (Nguyen & LeBlanc, 1998).

Hypothesis 3. Corporate image moderates the relationship in such a manner that it strengthens the relationship between service quality and consumers purchase intention.

FRAMEWORK

RESEARCH METHODOLOGY

This was a co relational study and the primary data was collected through a tested and validated questionnaire. Data for “service quality” was collected using an instrument adapted from Pamies (2012). Responses for “gratitude feelings” and “customer purchase intention” were collected using an instrument adapted from Palmatier, Jarvis, Bechkoff, and Kardes (2009). “Corporate image” data were collected using an instrument adapted from Chen & Chen (2014). Unit of analysis was the customers of restaurants of Rawalpindi and Islamabad. The questionnaire was based on five points likert scale with 1 “strongly disagrees” to 5 “strongly agree”. There were 21 questions for the “service quality” with Cronbach Alpha of “.919”. Three questions for “Gratitude feelings” and 10 questions for “corporate image” were incorporated with Cronbach Alpha of “.775” and “.899” respectively. There were only 3 items for “consumer repurchase intention” with cronbach Alpha of “.667”.

Questionnaires were distributed among customers...
of different restaurants through convenient and snowball sampling technique. The purpose of this research was explained at the top of the survey sheet and the participation of customers in the survey was totally subjected to customer’s convenience. A total of 300 questioners were floated, of which 150 were shared online to different visitors of restaurants (57 responses), the rest of 150 were floated off-line at various places to students, employees and self employed people (100 responses). Overall 157 responses were received.

TABLE 1

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Range</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>94</td>
<td>59.9</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>63</td>
<td>40.1</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>103</td>
<td>65.6</td>
<td></td>
</tr>
<tr>
<td>31-40</td>
<td>37</td>
<td>23.6</td>
<td></td>
</tr>
<tr>
<td>41-50</td>
<td>15</td>
<td>9.6</td>
<td></td>
</tr>
<tr>
<td>50 above</td>
<td>2</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below Bachelors</td>
<td></td>
<td>35</td>
<td>22.3</td>
</tr>
<tr>
<td>Bachelors</td>
<td>74</td>
<td>47.1</td>
<td></td>
</tr>
<tr>
<td>Masters</td>
<td>43</td>
<td>27.4</td>
<td></td>
</tr>
<tr>
<td>PhD</td>
<td>5</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15000-25000</td>
<td>66</td>
<td>42.0</td>
<td></td>
</tr>
<tr>
<td>26000-35000</td>
<td>36</td>
<td>22.9</td>
<td></td>
</tr>
<tr>
<td>36000-45000</td>
<td>26</td>
<td>16.6</td>
<td></td>
</tr>
<tr>
<td>More than 45000</td>
<td></td>
<td>29</td>
<td>18.5</td>
</tr>
</tbody>
</table>

N=157

The demographic table shows that 59.9 % respondents were male and 40.1 % respondents were female. The maximum respondents were between 20-30 years whom were 65.6 % and rests of all were above 30 years. Bachelor’s degree holders were 47.1%, 27.4% Master degrees and 3.2% were having PhD degrees. The majority of respondents (42%) were from income level of PKR 15,000-25,000 while 18.5% belonged to income level more than PKR 45,000.

RESULTS

Table 2 represents means, standard deviation and correlations among variables. Correlation table shows that all the variables were significantly correlated that ranges from 0.523 to 0.81 with no multicollinearity issues. All correlation values are significant at P<0.01. Service quality is significantly associated with Gratitude feelings (p<0.01, r=0.758**) which shows that if quality services are provided to customers, they are more likely to be grateful to the restaurant.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality</td>
<td>3.71</td>
<td>.641</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gratitude feelings</td>
<td>3.67</td>
<td>.861</td>
<td>.758**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate image</td>
<td>3.71</td>
<td>.767</td>
<td>.817**</td>
<td>.734**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Consumer repurchase intention</td>
<td>3.71</td>
<td>.840</td>
<td>.589**</td>
<td>.523**</td>
<td>.705**</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at p<0.01 level (2-tailed)

Corporate image and service quality is strongly linked with each other (P<0.01, r = 0.817**) which is a clear indication that quality services influence restaurant image in the eyes of customers.

There is also a significant correlation between quality services and consumers repurchase intention (P<0.01, r = 0.589**). This means that a high quality service compels consumers to revisit the restaurants in future. Similarly Gratitude feelings have a strong relationship with corporate image and consumers repurchase intention (p<0.01, r = 0.734** and r = 0.523**) respectively.

Regression Analysis

For the purpose of regression analysis, Barron and Kenny method was used. A step wise analysis was performed to test the predictions. We entered gender, age, education and income as control variables.

Service quality and consumer repurchase intention

For hypothesis H_1, we tested the regression analysis of service quality with consumer repurchase intention. Result has shown a significant relation between both Variables with (β = .767) and (R^2 = .351) at significance level (p<.000). Hence, hypothesis H_1 is accepted.

Gratitude Feelings

The hypothesis about Gratitude feelings predicted that, it mediates the relationship between service quality and consumer repurchase intention. To test this hypothesis, we performed regression analysis of variable service quality and Gratitude feelings with consumer repurchase intention. To run this test, we first entered control variables. In next step we controlled gratitude feelings and in last step we entered independent variable.
TABLE 3  
Mediation Analysis  

<table>
<thead>
<tr>
<th>Predictors</th>
<th>β</th>
<th>R²</th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control variables</td>
<td>.012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gratitude feelings</td>
<td>.511</td>
<td>.277</td>
<td>.265</td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality services</td>
<td>.363</td>
<td>.086</td>
<td></td>
</tr>
</tbody>
</table>

Significance level p = .000, N =157

The results showed that a gratitude feelings partially mediates the relationship between the service quality and consumer repurchase intention with \( R^2 = .363 \) at significance level \( p < .000 \) and which disconfirms the \( H_2 \).  

Corporate image

Hypothesis \( H_3 \) was, corporate image moderates the relationship between service quality and consumers repurchase intention in such a manner that it strengthens the relationship. To test this prediction, regression analysis of independent variable “service quality” was carried out with moderating variable “corporate image”. All control variables were used in first step. In next step, we entered service quality and corporate image to see its impact on consumer repurchase intention. Then, in third step, interaction term was used.

TABLE 4  
Moderation Analysis  

<table>
<thead>
<tr>
<th>Predictors</th>
<th>β</th>
<th>R²</th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Control variables</td>
<td>.012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality</td>
<td>.040</td>
<td>.500</td>
<td>.488</td>
</tr>
<tr>
<td>Corporate image</td>
<td>.748</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality x corporate image</td>
<td>-.031</td>
<td>.501</td>
<td>.001</td>
</tr>
</tbody>
</table>

Significance level p = 0.682

The interaction term result was insignificant as change in R is \(.001 \) at P is 0.682, which is higher than significance level \( p<0.05 \).The result of regression analysis also disconfirms this relationship of variables.

DISCUSSION

In a competitive era where consumers have multiple options to meet a single need, retaining customers for a long time has become a real time challenge. In this study, relationship between quality services, gratitude feelings, corporate image and consumer repurchase intentions have been tested in Pakistani restaurants context. Three hypotheses were developed; based on extensive literature review. The results have shown that, provision of quality services is an eventual solution for companies for their survival.

The current study initially tested the first hypothesis; quality services show a significant relationship with consumers repurchases intention. The results are aligned with previous studies, and it has been learnt that if quality services such as facilities, comfortable environment and other recreational activities are provided to consumers they will repurchase it in future (Wu, Liao, & Tsai, 2012). Similarly another study revealed that mangers gauge consumers’ needs and wants, and they try to deliver them accordingly and attract consumers for a longer time period (Olorumniwo et al., 2006).

Contrary to previous studies, i.e., gratitude feelings have a positive impact on consumers repurchase intention; there are many possible reasons for disconfirmation of the prediction. Firstly, respondents might have not experienced any extra effort in Pakistani restaurants scenario and they might be comparing it with some internationally recognized brands which led their expectations high. Other possibility could be that, in Pakistan, public is least educated about their rights. In particular, people have no or very little understanding of consumers rights. If they are being misguided and cheated or sometimes consumers are being overly compensated with benefits, they are unable to differentiate that they are being treated differently, and they don’t develop sense of recognition and appreciation. The other possibility could be respondent’s biasness. Pakistan is an under developed country, and the research culture is developing slowly; people at times don’t show interest in the research activities and do not mark their true perceptions on the instrument. Hence there is also a possibility of biasness from the respondent.

The final hypothesis about corporate image was also rejected. The World Bank’s Poverty Head Count Analysis 2014 revealed that poverty line is two dollar per day and according to this standard 60.19% people are living under poverty line. This means people are unable to earn PKR 200 per day for their food and other basic needs. A very less percentage of people fall under middle class and almost 62% percent people are living in rural areas, and living simple lives. So, people have other worries to earn bread for their living than getting fascinated by projected corporate image. Along with this, a huge number of people are living in backward areas where there is no concept of dinning out because of restricted culture. Even the establish corporate image of restaurants do not work for urban areas because people prefer family gatherings over...
restaurants because of collectivist culture and religious environment.

**IMPLICATION**

The study has practical implication for restaurants managers. Managers should design training programs for employees. They should train their employees in such a manner, where they can serve the customers effectively. Training should include how to deal customers, and how effectively they can deliver their service on time to generate gratitude feelings in customers. Along with this, interior look and extra services like internet or recreational facilities should be given to consumers to make them permanent customers.

Customers reward to companies which are putting special effort for them. Managers should design schemes such as wishing birthdays to its customers or share some presents and birthday card to make them feel special. May be a restaurant sends a free dinner voucher to its customers on wedding anniversary to make them feel how much they care about their customers’ special events. This whole effort could lead to customer’s happiness and ultimately benefit the business in long term.

**LIMITATIONS AND FUTURE RESEARCH**

The present study has some limitation and acknowledgement of these limitations gives new direction for research. First, we have used a convenience sampling technique for gathering data of customers of Rawalpindi and Islamabad. To obtain more detailed understanding, future researches must expand the geographic limitation to the whole country. Secondly, data was collected only once, to see a more accurate result it can be gathered in different time lags. If respondents are educated, the importance of this research work and given benefits for sharing their true perceptions would result in a bias free study. Finally, this study is limited to Pakistani restaurants contexts; this conceptual model can be replicated in other industries to test the relationship.

**CONCLUSION**

Developing economies are highly dependent on small businesses, and restaurant industry is one among them. Restaurants have gone beyond the scope of nationalities and are being operated globally. This tense competitive environment makes survival extremely difficult. Marketers are striving to create and retain their customers. They are using numerous means to create an image in the minds of customers and to remain in the top choices. Pakistani restaurants are also facing difficulties in creating a good corporate image in the minds of its customers. They have succeeded in establishing customer repurchase intention through delivering quality services, also it was identified that gratitude feelings were lesser quantum contributors to service quality and repurchase intentions.

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