PERCEIVED VALUE, CORPORATE IMAGE AND CUSTOMER LOYALTY: THE MODERATION ROLE OF RELATIONSHIP LENGTH

Farideh Haghshenas Kashani and *Zainab Moradi
Department of Business Management, Science and Research Branch,
Islamic Azad University-Tehran-Iran
*Author for Correspondence

ABSTRACT
The aim of the present study is to measure the effects of corporate image, perceived value, switching costs and trust on client’s loyalty, regarding of the length of relationship. Here, the variables are corporate image, perceived value, switching costs, competence, trust, loyalty and the length of relationship. The samples were collected using cluster sampling. There were 385 samples. The results showed that, corporate image, perceived value and trust, all have effect on the client’s loyalty. However, the effect of the length of relationship as a moderator variable on the relationship of switching costs, corporate image, and perceived value with client’s loyalty is not proven. In relationship between competence and trust, the length of relationship as a moderator variable, is significant. The present study is beyond assessment of the corporate image, perceived value, switching costs and trust on client’s loyalty variables, and considered the effect of length of relationship on the client’s loyalty.

Keywords: Loyalty, Corporate Image, Perceived Value, Switching Costs, Trust, Length of Relationship

INTRODUCTION
The concept of loyalty in clients, and making them as loyal clients (in terms of marketing) is defined as “making clients committed for buying services, habitually” (Larson & Susanna, 2004). The services loyalty is also defined as client’s demand for buying again from the same server, based on previous experience and the future expectations (Lee et al., 2001). Since the client’s loyalty has positive effect on sale, it is important for budget of proportional trade and retaining the clients. Ling and Weng (2007) for instance showed that short-term clients most likely demand more services and have more verbal communications (Dagger et al., 2010). Loyal client is considered as a main invest of any company by new technology and more competitive trade. The servers also consider the loyal client as one of the most important competitive advantages (Wang and Wu, 2010). These days, the aim of long-term relationship is to gain more benefits (Osman et al., 2010). Some challenges such as increasing of global competition, more clients’ expectations and their demand for high quality of services have caused some companies not to be able to get the clients satisfied. As a result, clients tend to other rival companies and then it brings about less profit and bankruptcy (Duff, 2005). These days, due to so enatixxe many insurance companies and then more alternatives for clients in Iran, (including official and non official companies), and also because of low insurance cost by some of them (non official), all insurance companies not only try to retain the constant clients, but they also want to grab clients. Therefore, knowing the effective parameters on client’s loyalty by insurance companies is so important and unavoidable.
This study presents a conceptual model by perceived value, Corporate Image, Switching costs, competence, trust and loyalty of clients. Here also the indirect role of perceived value and Corporate Image, on Switching costs and client’s loyalty, is just measured as precise as the direct role of perceived value and Corporate Image, on the client’s loyalty.
In the present study, perceived value, Corporate Image and Switching costs are considered as record of the client’s loyalty and the authors assessed the relationship between client’s loyalty and perceived value, Corporate Image and Switching costs, in short-term and long-term scales, in order to well understanding of the client’s loyalty.
The client’s loyalty- A loyal client is defined as a person who has a positive attitude about the server or company. This person introduces the company to others and always demands services (Dimitriades, 2006). The client loyalty also defines as the emotional relationship to people, company, services or goods (Ruyter et al., 1998). The client loyalty is important due to its positive effects on sale, gaining the budget and retaining the clients (Dagger, 2010). Some studies have shown that long-term satisfied clients more likely demand more services than that of short-term one (Dagger, 2010). Client’s loyalty is one of the most important competitive advantages, because an organization which has this profit also has less cost of marketing and more clients simultaneously (Colwel et al., 2009).

Perceived Value
Perceived value is between given and presented values or the rate of total given and presented profits. These values or data can be financial and or non financial such as time, the cost of searching, and client’s efforts (Li-wei, 2011). The important thing is that the values are defined by the client in the market, through awareness of clients about what they are charged and what they are given. The value indeed is not what is produced, but it is what the clients gain (Khalifa, 2004). Perceived value can be expressed as total evaluation of profits of services or goods, based on what is given and presented by clients. It is clear that two parameters, the quality and the price have individual and different effect on the perceived value (Sweeney and Sawt, 2006). Perceived value can also be described as industry which is given to the clients instead of the costs they are charged for. In the other word, it means all profits gained from simple production, based on what is given and presented (Eskildsen et al., 2008). Dignify the clients, is an approach to retain them (Wathne et al., 2001). Organizations should continuously dignify their clients, in order to have competitive advantage (Bick et al., 2004). Perception of what the clients are given by a server (perceived value) can clearly evoke them to demand that service again. The client’s perceived value therefore has direct relationship with the client’s loyalty (Li-wei, 2011). The witting of is repeated continuously in a period of time, and each time it is more precise, correct and stronger (Flint, 2002). Bove (2000) suggested that as longer relationship between clients and the server, it would be stronger, and in turn, induces loyalty to the clients.

\[ H_{1a} = \text{The client's perceived value, affects the client’s loyalty.} \]

\[ H_{1b} = \text{In the long-term relationship, the client’s perceived value has more and stronger effect on the client’s loyalty than short-term one.} \]

The Corporate Image
In the marketing, the corporate image has been presented as an important factor in general evolution of companies or servers (Andreasen, 1997). This factor is the perception of the company on the client’s mind which affects the client’s viewpoint about the working of the company (Griffin et al., 2009). In the marketing lecture there have been many description for corporate image including, the method, ideology, and the name of company, self analysis, the prices, quality and the versatility of services.

Other aspects such as the identity of company, the quality and quantity of incantation and systems of services, also help improving of corporate image (Nguyen and Leblanc, 1998). The corporate image is used as an important factor which increases the loyalty of clients (Kandampully & Hsin, 2007). In the point of Kennedy (1997) view, corporate image has two different parameters; one of them is acting that is related to non touchable stimulus (which is easily measurable) and the second one is related to the mental situation. Functional parameters are dependent on the layout of company and the price of services or goods, whereas the emotional one is related to the ownership sense of the clients (Alves & Rapose, 2010). In the relationship between clients and the servers, the costumers encounter to issue what to expect the services. If the clients have no information about the company, they may have to be informed by other sources such as verbal sources. This may affect the formation of corporate image (Aydin, 2005). The relationship between corporate image and the loyalty has been considered as debatable issue. Samli and Sirgy (2008) for instance, direct relationship between corporate image and the loyalty. Bloemer et al., (1998) confirmed that has positive effects on the client’s perception in starting of the relationship.
Switching Costs

Switching costs can be defined as a costs which caused by shifting the servers. This factor includes pecuniary costs. For instance, the efforts and time which are spent to find a new server is considered as switching costs (Dagger, 2009). Switching costs are the set of mental, physical and economical costs (Aydin & Ozer, 2005). As the switching costs increase, shifting or departure decreases by the clients (Dagger, 2009). Switching costs include both financial and non financial costs. For example, knowing the process of servicing is such a switching cost, since if the client gives up the relationship, so it won’t be useful (Wang, 2010). Switching costs are not only those which can be counted pecuniary, but it also considered as mental effects and the time and energy that are needed (Beerli et al., 2004). More understanding of switching costs by clients, cause more loyalty of them (Liu et al., 2006). Companies have to understand the different kinds of costs (understood by clients) in order to effective control of switching costs (Burnham et al., 2003). Switching costs directly affect the client’s loyalty, this bodes if clients consider the switching costs (such as the time, efficiency and the risks) as a high costs, then no shifting is demanded by them (Chou and Lu, 2009). Weiss (1997) showed that if the relationship between switching costs and the loyalty increased by long –term relationship, then it significantly affects the re-buying by clients (Li-wei, 2011).

H₂a = corporate image affects the client’s loyalty.
H₂b = In the long-term relationship, the client’s corporate image has more and stronger effect on the client’s loyalty than short –term one.

Switching Costs

In order to obviate, the companies should serve clients the high quality services. One way to expand the switching costs is to improve and complicate the services, in order to prevent clients to give up demanding the services (Burnham, 2003). In fact, parsimony is the reason for keep being in previous relationship by the clients, because shifting from one server to others, needs spending time and money (Lam et al., 2004). In the costumers point of view, the value of the relationship is one of the most important reason to keep the relationship, and being more valuable, brings about no shifting to other servers (Geiger et al., 2010).

It has been shown that all aspects of understanding the value, from economical point of view, to communications and quality, have positive effects on the client’s perception about the switching costs, and cause no shifting (Liu, 2006). The relationship of the value and the corporate image with switching costs is more significant in the long- term one (Li-wei, 2011). As the relationship is longer, the effectively of some parameters such as qualification, recommending, persuasion and trust, also increases, which causes more switching costs (Coulter, 2002).

The previous studies have shown that in a new exchanging relationship, the clients have no enough information about the company. Therefore, they try to be informed by other sources. This may cause effecting on the corporate image. It specially happens when new clients who have little experience, try to decide based on previous perception about the quality of services. This is a risk, since the quality of services cannot be already evaluated (Li-wei, 2011). Therefore, in the first steps of making relationship with clients, switching costs is related to the corporate image, so:

H₄a = The switching costs, affect the client’s loyalty.
H₄b = In the long-term relationship, the client’s switching costs have more and stronger effect on the client’s loyalty than short –term one.

And:

H₅a = corporate image affects the client’s loyalty.
H₅b = In the long-term relationship, the client’s corporate image has more and stronger effect on the client’s loyalty than short –term one.
The Trust

Based on the previous studies, the trust is defined as that a person believes that someone covers the necessities. In the commercial relationships, the trust is the client’s belief that the necessities are covered by a company or server (Liu et al., 2011). Trust is used as a facilitator mechanism of corporation, to make a committed relationship. When someone can trust the other’s claims, so this is the trust. To clear some worthiness and interpretation is a part of facilitating a relationship. As the trust includes risks and hesitancy parameters (Wright et al., 2011) some researchers have suggested that when the clients believe the credibility of servers, then they trust the servers. Most of researchers also agreed that the trust has direct effect on loyalty (Omar et al., 2009). In the matter of hypothesizing, the trust is logically and experimentally an important variable. It is also related to marketing lecturers. Someone who does not trust a server in a competitive market will doubtfully be loyal (Yee, 2008). Costumers totally trust organization that seems to be reputable. Recent studies have suggested positive relationship between trust and loyalty. Which includes honesty, qualification, benevolence, creditability and consumerism (Sarwar et al., 2012; Choon et al., 2011; Anuwichanont, 2010; Ndubisi et al., 2005; Liu et al., 2011; Sanchez-Franco et al., 2009; Jumaev et al., 2011).

Therefore:

\[ H_6 = \text{The trust affects the client’s loyalty.} \]

Competence

Competence is defined as the client’s perception about technological competence of the servers. It means that competence generally improves the client’s experiments (Ndubisi, 2012). Generally, competence is the client’s perception about the knowledge and proficiency of the servers (Coulter, 2002). In the other words, competence aggregately includes knowledge, proficiency and other features of a person which work together to do some especial task. Competence has significant effect on organizations and has regression with occupation output which can be behaviorally measured (Turner and Crawford, 1994).

Cochran (2009), divided the competence in two groups, based on the roles in organization competitive improvement. Competence includes knowledge, proficiency and capability. Organizational competence is related to the organization and includes the process and structures which regarding of absence of people,
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are still exists. These two groups are not completely separated from each other. The set of personal competences can form the way in which the organization works (Cardy and Selvarajan, 2006). In the present study the second group (Organizational competence) is considered. So many terms have been used in the lectures to point out the Organizational competence including distinctive competence, distinctive capability and or key competence. All of these terms are implicate the general concept of competence (Edgar & Lock, 2008). As the clients demand service from a server, because of the difficulties of shifting the servers, they tend to be more loyal. Clients in any types of long-term relationships, face to risks. So they expect the organization to be committed and eligible. In order to consolidate the client’s and server’s relationship, therefore, Competence should be considered as initial principles. The competence and its effect on the loyalty in long term, as more clients’ experience increases, as more clients’ experience. Then and based on these experiences it can be judged (Coulter, 2002).

H7a = Competence affects the trust.
H7b = In the long-term relationship, competence has more and stronger effect on the client’s loyalty than short –term one.

MATERIALS AND METHODS

Methodology

Data Assemblage

The data were collected in Iran, and the statistic community was The Iranian national insurance company (car insurance). 385 valuable samples were collected. The questionnaire was design based on the 5-question likert range, (from 1 definitely agree, to 5 definitely disagree). Several society logy variables were controlled including gender, the age, education, and relationship and occupation status. The mentioned questionnaire measured variables such as the length of relationship, perceived value, and corporate image, switching costs, the client’s loyalty, Competence and trust. Despite other variables, the length of relationship was measured just by one question. Based on the Li-wei (2011) method. 5 parameters of the client’s loyalty, 3 of perceived value, 5 of corporate image, and 4 of the switching costs were assessed.

Based on the Ndubisi (2012), Lee et al., (2011), Dagger and Brien (2010) and Li-wei (2011) methods, the 3 parameters of Competence, 4 parameters of trust and 1 parameter of length of relationship were measured respectively. The relationship less than a year, and that of more than a year, are considered as short-term and long –term relationship respectively (Li-wei, 2011). There were two different questionnaires based on the length of relationship, 89 and 296 questioned people for short-term and long –term relationship, respectively. The questionnaire was translated form English to Persian. In order to confirm the accuracy it was again translated to English.

The society logy features of questionnaire includes:

68.8% male, 31.2% female, 36.6% single and 63.4% married.

84.2% practitioner and 15.8 % jobless.

Validity and Reliability

CVR was used in order to confirm the validity of questionnaire. All variables were close to 0.8 or 1. The validity of questionnaire also confirmed by professors. Cronbachs alpha criteria was used to confirm the reliability of questionnaire. The coefficient of Cronbachs alpha was 0.807 and so the reliability was confirmed.

Data Analysis

Normalization of the distribution was first of all tested with k-s test statistics (Table 1). Kmo and Bartlett's test were then done (Table 2).
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Table 1: Assessment of being normal of data distribution

<table>
<thead>
<tr>
<th>Result of test</th>
<th>(α)</th>
<th>(gis)</th>
<th>(sk)</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.067</td>
<td>1.302</td>
<td>perceived value</td>
</tr>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.176</td>
<td>1.102</td>
<td>corporate image</td>
</tr>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.128</td>
<td>1.172</td>
<td>Competence</td>
</tr>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.146</td>
<td>1.144</td>
<td>switching costs</td>
</tr>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.173</td>
<td>1.106</td>
<td>Trust</td>
</tr>
<tr>
<td>Confirmed (normal distribution) H0</td>
<td>0.05</td>
<td>0.307</td>
<td>0.967</td>
<td>Loyalty</td>
</tr>
</tbody>
</table>

Table 2: KMO and Bartlett's test

<table>
<thead>
<tr>
<th>kmo</th>
<th>Sig (Bartlett's test)</th>
<th>Model of variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.682</td>
<td>0.000</td>
<td>perceived value</td>
</tr>
<tr>
<td>0.839</td>
<td>0.000</td>
<td>corporate image</td>
</tr>
<tr>
<td>0.708</td>
<td>0.000</td>
<td>Competence</td>
</tr>
<tr>
<td>0.838</td>
<td>0.000</td>
<td>switching costs</td>
</tr>
<tr>
<td>0.758</td>
<td>0.000</td>
<td>Trust</td>
</tr>
<tr>
<td>0.817</td>
<td>0.000</td>
<td>Loyalty</td>
</tr>
</tbody>
</table>

Graph 1: Structural model for independents variables
In the present study, using LISREL, was done to test the significance. Considering the Lizler output, the \( \chi^2 \) proportion to degrees of freedom was 2.17 (<3). This is therefore valuable. The model RMSEA was also 0.055, that was less than 8%. Other indices such as GFI, AGFI, NFI, NNFI, IFI, CFI were all more than or close to 90% and therefore the model was valuable and confirmed (Table 3).

### Table 3: Propriety indices

<table>
<thead>
<tr>
<th>Optimum</th>
<th>Reported data</th>
<th>Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;3</td>
<td>2.17</td>
<td>( \chi^2 ) proportion to degrees of freedom</td>
</tr>
<tr>
<td>&lt;0.08</td>
<td>0.055</td>
<td>(RMSEA) (Root mean square Error of Approximation)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.90</td>
<td>(GFI) (Ground Fault Interrupter)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.87</td>
<td>(AGFI) (Adjusted Goodness of Fit Index)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.89</td>
<td>(NFI) (Normed Fit Index)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.93</td>
<td>NNFI (Non-Normed Fit Index)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.94</td>
<td>IFI (Indicators of Financial Integration)</td>
</tr>
<tr>
<td>0.90</td>
<td>0.94</td>
<td>CFI (Comparison of two Fit Index)</td>
</tr>
</tbody>
</table>

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RESULTS AND DISCUSSION

Results
After assessment and confirming of the thesis, the model was evaluated. IISREI was used to assay the effect of corporate image, perceived value, switching costs and trust on the loyalty, and also the effect of corporate image and, perceived value on the switching costs and the effect of competence on the trust. The assessment of H1a thesis showed that the perceived value affects client’s loyalty. Ascites of the test (4.82) was more than 1.96 and therefore H1a is confirmed.

\[ H_{2a} = \text{Corporate image affects the loyalty.} \]

Ascites of the test (2.68) was more than 1.96 and therefore this thesis is confirmed.

The result showed that the corporate image does not affect the loyalty. Ascites of the test (0.93) was less than 1.96 and therefore this thesis is not confirmed.

Perceived value affect the switching costs.

Ascites of the test (5.97) was less than 1.96 and therefore this thesis is confirmed.

Corporate image also affect the switching costs.

Ascites of the test (2.03) was less than 1.96 and therefore this thesis is confirmed.

Based on the results, the trust affects loyalty. Since the ascites of the test 10.66, (1.96<), then \( H_{7a} \) is confirmed.

In order to assay the effect of perceived value, image of speed, switching costs and trust on the client’s loyalty in long and short term relationships, the single and poly variable regression model was used. In order to assay if there is any significant differences among the long and short term coefficient, parent test by proportion to degrees of freedom was used. Proportion to degrees of freedom test also was used to assay the dissimilarly variance. It should be mentioned that STATA 12 software was used to statistical and regression tests.

Regarding the table 4, the perceived value has no significant effect on the loyalty in both short and long term relationships (0/1988>0/05). \( H_{1b} \) therefore, is not confirmed. The corporate image also has no significant effect on the loyalty in both short and long term relationships (0/6931>0/05). \( H_{2b} \) therefore, is not confirmed. The switching costs has no significant effect on the loyalty in both short and long term relationships (0/8306>0/05). \( H_{3b} \) therefore, is not confirmed. The perceived value has no significant effect on the switching costs in both short and long term relationships (0/1378>0/05). \( H_{4b} \) therefore, is not confirmed. The corporate image has no significant effect on the switching costs in both short and long term relationships (0/4832>0/05). \( H_{5b} \) therefore, is not confirmed.

On the other hand, and based on the result, the competence has significant effect on the trust, in both short and long term relationships (0/007<0/05). So \( H_{7b} \) is confirmed.

Discussion
In the present study the loyalty of the clients of the Iranian national insurance company, base on the effects of corporate image, perceived value, switching costs and trust, regarding of the length of relationship was assessed. 13 thesis of insurance here was tested. The results showed that the effects of corporate image and trust on the client’s loyalty were confirmed, whereas the switching costs were not. The result also showed that perceived value and switching costs, have no more effect on the loyalty in long term relationship than the shorter one, whereas, the competence has. Base on the results, the perceived value has more effect on the loyalty than corporate image and trust.

Management Suggestion based on the Given Results
Hypothesis 1
Considering the confirmed effect of perceived value on the loyalty, it can be therefore suggested that companies would better compare the weak and strength point to the other rivals, and continuously seek for assessment, modification and retrospect of the values. Attention to the definition and concept of the value in the client’s point of view is also is important and should be considered. The clients generally demand for obviating their supplication, by highest quality, in the as soon as possible and the lowest
price. Facilitating of procure process therefore, as well as express services by using electronic business (such as cell phone, and internet) can be useful. Electronic insurance so can be considered as new phenomena.

**Hypothesis 2**
Considering the effect of corporate image on the loyalty, it is unavoidable to achieve to a proper image of the company. This process is not short term and takes long time. It depends not only on the marketing and publicity, but it also such practical experiment.

The output of a company indeed, makes a positive image in the client’s mind. So any companies should first pay attention to the quality of services. In order to improve the corporate image, high quality services, extension of relationship with clients, and the behavior of any individual employee are important. Contraption such as proper and attractive publicity, presenting new services, and using well – known, expert and powerful managers can be effective.

**Hypothesis 3**
Although the effect of switching costs on the loyalty is not confirmed in the present study, it is not ignorable that there are no switching costs in Iranian national insurance company, and therefore, so many clients of this company tend to other insurance companies. Considering more and less similar tariffs of insurance companies, Iranian national insurance company should seek for other alternatives, and prevent losing the clients by more values such as more bounce and discount for senior clients, close relationship with clients, non presentment or distal services, specific web logs for clients, and membership account for senior clients.

**Hypothesis 4**
Based on thesis, the perceived value affects switching costs. Although the effect of switching costs on the loyalty is not confirmed in the present study, regarding the results of other studies, switching costs significantly affect the client’s loyalty. Iranian national insurance company therefore should increase the switching costs to prevent losing of clients.

**Hypothesis 5**
Regarding this thesis, corporate image affects the loyalty. So another effective factor on switching costs, is corporate image. It should be mentioned that due to the reputation of Iranian national insurance company, this factor is remarkable to some extent. Therefore if other effective parameters on the corporate image, such as creativity, are improved, then the switching costs will be increased and no more clients losing happens.

**Hypothesis 6**
It is confirmed that competence has effect on the trust. So considering the definition of competence and the effect of trust on the loyalty, informing the clients is so important. Some contraptions such as spending enough time to explain the weak and strength point of services, informing about new services, new and worth full information, presenting the leaflet, expire data reminder and knowing the update demand and expectations of clients are suggested. It is confirmed that competence has more effect on trust in long –term relationship than the shorter one. So using contraptions to present important information such as consult for free (especially for senior clients) can be useful.

**Hypothesis 7**
It was confirmed that the trust affects loyalty. So it is important to make clients trust the company. To do this, establishing the complain department and being committed to the clients, no mistakes, proper responsibility, correct transferring, and respectful personnel, are all important in this case. Due to the role of insurance agents and representatives in marketing and targeting, treating the personnel how to inform clients, and holding the workshops for representatives, to improve their knowledge, proficiency and specialty, are so important.

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