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Summer 2010

Examining the Need for Customized Satisfaction Survey Instruments Measuring Brand Loyalty for Higher Educational Institutions

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Examining the Need for Customized Satisfaction Survey Instruments Measuring Brand
Loyalty for Higher Educational Institutions

Journal Article
Submitted to Liberty University School of Business Journal

by

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April 2010
ABSTRACT

The success or failure of service-based organizations is determined in large part by consumers’ perceived value of those services. Value can be measured in terms of consumers’ perceived performance quality in comparison with the cost to consumers of purchasing the service. The ideal goal of service marketing organizations is to obtain and maintain a loyal base of *delighted* customers. Loyalty can be measured in terms of customer satisfaction, retention levels, and perception of service quality. In the higher education industry, private institutions compete for student enrollment with state-funded institutions on factors other than cost value. Standard quality and satisfaction survey instruments for service-based organizations were designed to measure generic attributes. Each service industry has some unique characteristics resulting in different customer expectations of quality performance associated with the industry. For the higher education service industry, there is no customized satisfaction survey instrument that is used to measure attributes unique to the industry. This article develops a theoretical basis for designing such a customized higher education survey instrument. The goal will be to provide school leaders in higher education with data that identify key service performance programs within the institution useful for facilitating sufficient, sustained enrollment of satisfied, or preferably, delighted students in order for the institution to remain competitive and viable.
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The success or failure of service-based organizations is determined in large part by consumers’ perceived value of those services. Value can be measured in terms of consumers’ perceived performance quality in comparison with the cost to consumers of purchasing the service. The ideal goal of service marketing organizations is to obtain and maintain a loyal base of *delighted* customers. Loyalty can be measured in terms of customer satisfaction, retention levels, and perception of service quality. In the higher education industry, private institutions compete for student enrollment with state-funded institutions on factors other than cost value.

Each service industry has some unique characteristics resulting in different customer expectations of quality performance associated with the industry. For the higher education service industry, there is no customized satisfaction survey instrument that is used to measure attributes unique to the industry. This article develops a theoretical basis for designing such a customized higher education survey instrument. The goal will be to provide school leaders in higher education with data that identify key service performance programs within the institution useful for facilitating sufficient, sustained enrollment of satisfied, or preferably, delighted students in order for the institution to remain competitive and viable.

The problem to be addressed is the need to understand what service factors affect student enrollment retention in a private university for it to remain competitive and viable. Because public colleges can compete for student enrollment based on price, a successful competitive strategy for private colleges is to differentiate their services in order to achieve *sustainable competitive advantage* (Porter, 1980).
Background

Consumers perceive quality performance from service providers differently than from providers of tangible goods (Parasuraman, Zeithaml, & Berry, 1985, 1988; Zeithaml, Parasuraman, & Berry, 1990). As a result, survey instruments were developed to measure consumer perceptions of service quality in relationship to consumer satisfaction from services rendered (1988; Cronin & Taylor, 1992; Voon, 2006). Often these standard survey instruments have been used to measure performance and satisfaction generically in any service-related industry including higher education (Tan & Kek, 2004; Telford & Masson, 2005; Smith, Smith, & Clarke, 2007). However, Carman (1990), who studied customer satisfaction across four service industries: a dental school patient clinic, a business school placement center, a tire store, and an acute care hospital, found that a generic survey instrument would not produce a satisfactory evaluation across each of the service industries in his study.

Firdaus (2005) designed an industry-specific survey, the Higher Education Performance (HEdPERF) instrument, based on concepts in the Service Quality (SERVQUAL) (Parasuraman et al., 1988) and the Service Performance (SERVPERF) (Cronin & Taylor, 1992) instruments. However, the HEdPERF instrument does not appear to have been used in studies other than Firdaus’ studies. In addition, the HEdPERF is lengthy at 75 questions. None of the aforementioned surveys contain the element of brand loyalty as could be measured by student commitment to remain enrolled in the school. These factors contribute to the need to establish a service performance – satisfaction survey instrument that will measure service factors unique to higher education in general and to individual institutions in specific. The survey instrument should include measurements of relationships between student perceptions of quality from the
school, their satisfaction with the school’s performance on key performance attributes, and their commitment to remain enrolled at the school.

Problem Statement

Over 300 private colleges closed between 1970 and 1993, primarily due to inadequate financial resources and increased competition from public schools (Lee, 2008). Since 1980, the net number of private colleges has remained steady at the level of about 1,600 institutions, with a few colleges closing, and approximately the same number of colleges opening each year (National Association of Independent Colleges and Universities, 2009). However, current economic conditions might change that trend (Jaschik, 2008).

The U.S. Department of Education reported that 114 private nonprofit degree-granting colleges failed to meet the department’s financial-responsibility test, a potential indicator of survivability, in the colleges’ most recent fiscal year (Blumenstyk, 2009). To remain financially viable, colleges require a minimum enrollment of 1,000 students (Bolda & Bruce, 1983). Schools that cannot attract sufficient numbers of students are vulnerable to closures or must seek mergers with financially healthier institutions. Private institutions have difficulty competing with public institutions on price. Therefore private schools must compete with service differentiation strategies to achieve sustainable competitive advantage (Porter, 1980).

Significance of the Proposed Study

There is a need to develop an in-depth understanding of the relationships between student perceptions of service performance quality, satisfaction levels from service performance experiences, and levels of commitment to remain loyal to the higher educational institution providing the services. In addition, research is needed to identify unique performance and reputation characteristics of each institution that differentiate it from its competitors and can
serve to provide sustainable competitive advantages for the institution. In this section, discussion is presented on establishing the premise for examining the relationships between perceptions of service performance quality, satisfaction with service performance, and brand loyalty as measured by students’ commitment to remain enrolled in the higher educational institution.

Consumers’ level of involvement with their service providers can alter consumers’ perceptions about services rendered (Babakus & Boller, 1992). On one end of the involvement continuum are public utility companies where consumer interaction is low. On the other end of the involvement continuum, the higher education industry is representative of a high level of involvement between the service provider (e.g., school administrators, faculty, and staff), and the students who directly benefit from excellent service or suffer from poor service. It has been observed that college students today have become market-savvy consumers (Birnbaum, 2000; Castiglia, 2006). The challenge for higher educational institutions as service providers, in order to maintain a base of loyal students as customers, is to identify service factors that are relevant to student needs and to measure students’ perceptions of the quality of service provided. With knowledge of the important service factors, administrators can maintain policies that should enhance student quality perceptions of services rendered.

**Consumer Performance Quality Factors**

Parasuraman et al. (1985) identified 10 key determinants of service performance for measuring consumer perceptions of quality. The determinants were (a) reliability, (b) responsiveness, (c) competence, (d) accessibility, (e) courtesy, (f) communication, (g) credibility, (h) security, (i) understanding/knowing the customer, and (j) tangibles. In the higher education industry, two primary categories of service performance exist: academic-related factors and non-academic factors. Parasuraman et al. determinants (a) through (g) could be used in measuring
academic variables of student perceived quality in terms of faculty performance and curriculum effectiveness. Determinants (d) and (j) could be used in measuring non-academic variables associated with key campus facilities in support of academic programs. Included in the design of a proposed higher education survey should be performance factors that relate to students’ expectations of value from the services provided by the institution.

Three dominant values among today’s college students are (a) finding a meaningful and fulfilling career (Immerwahr, Johnson, Gasbarra, Ott, & Rochkind, 2007), (b) material success, and (c) forming lasting personal relationships (Gutman & Miaoulis, 2003). Other examples are appealing facilities with modern classroom equipment; faculty who serve in a nurturing role, willing to help the students (Ham & Hayduk, 2003); an environment conducive to student-to-student interaction (Clewes, 2003). In addition to expectations held by students on desired services performed by institutions, companies hiring college graduates hold expectations on the quality of student produced by the institutions. These company expectations are published annually in BusinessWeek and the Wall Street Journal, providing college students with potentially additional personal educational goals.

National recruiters rank interpersonal communication skills, teamwork orientation, personal ethics and integrity, analytical and problem-solving abilities, and a strong work ethic high on their list for desirable clients in the job market (Alsop, 2007). In addition, the top 30 graduate business schools in the nation have key attributes in common like providing flexible curriculum; small class sizes; and passionate, attentive teachers (Gloeckler, 2008). Each of these critical service performance expectations should be measured as a variable in a unique higher educational survey instrument. The variables should be measured on a Likert type scale,
preferably a five-point scale to provide sufficient degrees of freedom within a manageable framework.

Because perceptions can change with different age cohorts, a survey designed today may require secondary research to monitor changing perceptions. Upon discovering standard changes within the college age cohort, survey questions could be altered to reflect current trends. For example, to reach Generation Y, it has been suggested that colleges should (a) provide a value-added education focused on career needs, (b) upgrade residence halls to meet students’ social needs, (c) enhance admissions strategies to include local off-campus facilities and events, and (d) provide a robust website with relevant links (Goldgehn, 2004).

Parasuraman et al. (1988) developed the seminal survey instrument (SERVQUAL) for measuring consumer quality perceptions of service performance. The SERVQUAL was designed to measure both consumer expectations of service performance prior to receiving the service, and perceptions of service quality after receiving service performance. However, the SERVQUAL is not without its critics. Cronin and Taylor (1992) developed the non-weighted SERVPERF survey that did not contain the service expectation questions of the SERVQUAL instrument. They suggested that service quality performance perceptions derive from consumers’ attitudes that are formed after services are rendered vs. prior to service performance, the realm of expectations in SERVQUAL. In the design of a new higher education survey, a measurement will be required to determine the extent to which the institution’s reputation, prior to student enrollment, had on students’ perceptions of quality and levels of satisfaction or dissatisfaction. If expectations have a significant effect, a SERVQUAL model may be appropriate. If expectations have an insignificant effect, a SERVPERF model may be appropriate.
The level of involvement by the consumer with the service provider can provide variations in performance factors that should be measured. Babakus and Boller (1992) recommended a generic measurement scale at the universal level of measuring service, but overlaid with a standard measurement scale for each service industry. This position is supported by other industry-specific, transactional-based service quality models (e.g., self-service operations, Dabholkar, 1996; retail sales, Sweeney, Soutar & Johnson, 1997; banking, Broderick & Vachirapornpuk, 2002, etc.). However, the aforementioned models are based on the construct that consumers evaluate service quality by comparing their expectations before service with perceptions of performance after service is provided.

In contrast is the construct that cumulative evaluations by customers explain service commitment better than transaction-specific measurements of customer satisfaction such as used in SERVQUAL and SERVPERF. Examples of survey instruments based on cumulative experiences with a service provider are the Swedish Customer Satisfaction Barometer (SCSB) and the American Customer Satisfaction Index (ACSI) surveys. The SCSB is administered annually on a national level in Europe to the same organizations and their current customer base. The ACSI survey is administered in the United States in similar fashion as the SCSB.

Because students’ relationships with their institutions are relatively short in duration, using cumulative service experience as the base construct may not be appropriate. It would appear that a transaction-based performance quality survey instrument would be more practical. Measuring only quality, however, is one part of the desired service performance profile. The level of student satisfaction with the perceived quality is the second leg of the proposed three-legged stool of perceived performance quality, satisfaction, and loyalty as expressed in commitment to repurchase.
Consumer Satisfaction Factors

In the Zone of Tolerance model (Zeithaml et al., 1990), the minimum performance level is defined as *adequate service* and the ideal performance level as *desired service*. Each consumer defines these levels uniquely based on personal needs and perceptions developed over time. The challenge for the service provider is to ascertain the optimum level of satisfaction that produces sustained brand loyalty and commitment from target consumers and deters them from migrating to the service provider’s competitors.

Various factors are involved in determining satisfaction levels. One factor can be the promises made by the service provider to potential and active customers. These promises can be explicit or implicit in nature. Most scholars agree that service providers should deliver service performance to the promised level or higher consistently in order to maintain customer satisfaction. However, the potential exists for consumers to hold higher levels of desired service expectations in proportion to the level of service promises made by the service provider (Zeithaml, Berry & Parasuraman, 1993). In higher education, the promises tend to be directed at the personal values and goals of students which the college degree can satisfy (Gutman & Miaoulis, 2003). A higher education survey should measure the extent of explicit and implicit promises on existing satisfaction levels among current students.

Another issue for service providers is the effect on customer loyalty posed by the individual customer’s perceived width of the ZOT zone, the distance between desired and adequate satisfaction levels. If a wide zone exists among most customers, it may become expensive for service providers to offer sufficient service quality to maintain individual customer commitment. Conversely, if a narrow zone of satisfaction exists, some consumers might exclude average service providers from the consumers’ evoked set, making it difficult for the service
providers to attract a sufficient base of satisfied customers (Kettinger & Lee, 2005). The goal for the service provider should be to manage an acceptable range of service performance satisfaction levels that results in a sustainable competitive advantage within the identified target market.

The issue of individual satisfaction ranges exposes a need to study personal factors that might influence one’s perceptions. Three recent higher education studies (Mavondo, Tsarenko, & Gabbott, 2004; Lagrosen, Seyyed-Hashemi, & Leitner, 2004) revealed that students do not conform to a benchmark of satisfaction levels, but rather possess a unique interpretation of what constitutes desirable performance from the service provider. The findings from the three studies were similar and revealed a cultural factor that could alter perceptions of satisfaction level. This could indicate a need to include domestic and international ethnicity measurements in the descriptive statistical section of a survey when the potential for differences is significant.

In designing a higher education survey, one issue is to establish measurements for satisfaction levels that produce student commitment to remain enrolled in the institution and measurements for dissatisfaction levels that could produce student disenrollment from the institution. In a Norwegian college study (Helgesen, 2008), three service-related variables were measured to determine the relationships between each set of variables: student satisfaction with the college’s performance, the college’s reputation, and student commitment to the college. A positive correlation between satisfaction and student commitment was found in the study. However, the study did not establish a level of dissatisfaction that could result in students becoming sufficiently disloyal to leave a school.

Dissatisfaction levels of service performance are a part of the disconfirmation construct. Disconfirmation represents the relationship between a consumer’s expectations of pending service performance and the consumer’s perceptions of the service quality after services are
performed (Hamer, 2006). Confirmation occurs when service performance meets consumers’ expectations. Disconfirmation is present when service performance does not meet consumers’ expectations and contains two facets. Positive disconfirmation exists when performance exceeds expectations, and negative disconfirmation exists when performance does not meet expectations (Bolton & Drew, 1991). The higher the expectation perceived by the consumer in relation to performance delivered by the service provider, the greater the potential for disconfirmation experienced by the consumer that could lead to lower satisfaction levels (Oliver, 1994).

Many existing service-related surveys measure the relationships between perceived service quality and satisfaction levels resulting from quality perceptions. Few include the third variable of customer loyalty that results from the other two variables. Customer loyalty in the higher education industry can be measured by the level of student commitment to remain enrolled at the institution as a service provider.

**Consumer Loyalty Factors**

There is an increasingly important need in the competitive higher education industry for college administrators to manage student enrollment from the point of initial contact before enrollment to graduation (DeShields, Kara, & Kaynak, 2005). One study found that students’ individual attitudes toward higher educational institutions were formed before enrollment and were an important predictor of attrition in those institutions (Baker, McNeil, & Sirky, 1985). The question is how to measure loyalty or commitment in a higher education application.

A key determination in measuring loyalty is to distinguish between attitudinal and behavioral loyalty. The temptation would be to measure only the attitude of the respondent to take action when a more tangible, behavioral measurement might produce a greater accuracy of meaningful consumer intent. In general studies, it was found that behavioral loyalty can be
measured by repurchase intentions, price increase tolerance for repurchase, and price decrease tolerance to attract repurchase (Chan et al., 2003). In one higher education study, student loyalty was measured as intention to return in the future to participate in courses and the extent to which students would provide positive referrals to those individuals in the students’ social networks (Marzo-Navarro, Pedraja-Iglesias, & Rivera-Torres, 2005). Helgesen (2008) used three measurements for commitment: probability of recommending the college to friends and acquaintances, the probability of attending the college again if starting anew, and the probability of attending future courses offered by the college after graduation.

In another study (Brunson, 2010), students were asked if they would remain at the institution or seek a substitute school if they were dissatisfied with the service quality in specific areas like faculty accessibility and maximum class sizes. The respondents who stated they would leave for a substitute institution were asked if they would choose one that costs more, but in line with their satisfaction levels, or an institution that costs less, but with existing dissatisfaction levels. The findings from the study could indicate a need to insert various customized service performance measurements, unique to each institution, that are suspected by administrators as being significant among the student body. Each service factor on the survey then could be measured to determine behavioral loyalty by asking respondents whether or not they would leave the institution if dissatisfied beyond a level respondents establish.

There are three dimensions of commitment: affective, normative, and continuance (Meyer & Herscovitch, 2001). Affective commitment refers to a personal desire to remain attached to an organization and would include the concepts of consumers’ perceived quality and satisfaction. Normative commitment refers to an obligation-based attachment to an organization out of a sense of duty such as when multiple generations of family members attended the same
institution. Continuance commitment occurs out of a personal sense of need and/or avoidance of switching costs to an alternative service provider. Continuance commitment tends to be more of a determinant to switch than affective or normative commitment, especially if continuance and affective commitment are low (Bansal, Irving, & Taylor, 2004). Each of the three dimensions of commitment should be included in a survey measuring commitment levels.

Customers with the highest loyalty levels tend to be those who better understand an organization’s value proposition and have adopted it (Reichheld, 1994). For example, one study (Schertzer & Schertzer, 2004) found that maximizing student retention was a factor of academic fit where student-institution values and student-faculty values were in congruence, the more congruence, the greater the retention rate among students. Measuring value sets via a predetermined list of values may prove challenging and limited in scope. The best approach may be to use a qualitative essay format asking the respondents to list the service performance factors that add value to their experience and those factors that detract from the value of their experience.

Summary

In the higher education industry, private institutions compete for student enrollment with state-funded institutions by differentiating their services in order to achieve sustainable competitive advantage (Porter, 1980). Currently there are no standard survey instruments to measure three key variables of service-based education: perceived performance quality, satisfaction level, and commitment to remain loyal to the institution. Therefore a need exists to develop such a survey. The purpose of this article was to establish the conceptual basis for developing a survey.
The key concepts of the proposed study are displayed in Figure 1. The variables include students’ perceptions of service quality, satisfaction levels, and behavioral intent to remain enrolled at the institution. Service quality should be measured in two areas: academic and non-academic. Academic factors should cover curriculum effectiveness and faculty performance. Non-academic factors should include the quality and accessibility of institutional facilities (e.g., library, computer lab, recreational facilities, etc.)

*Figure 1. Key concepts of the study*

Because the proposed survey instrument will be of an original design, reliability and validity tests are required. *Reliability* is defined as the extent to which results from a research test are consistent over time and represents accurately the population under study. Reliability is achieved when similar results can be reproduced using similar methodology. Three reliability tests are (a) the degree to which a measurement remains the same over repeated tests, (b) the stability of a measurement over time, and (c) the similarity of measurements within a given time
period (Golafshani, 2003). A pilot test should be administered to measure reliability of the study data using all three test types.

Validity is determined by whether the research truly measures that which it was intended to measure. Validity measurements are derived from using a series of questions and researchers, then comparing the results of the study with findings from other studies (Golafshani, 2003). One method of measuring validity would be to compare results from the pilot study with results of similar variables measured in recent studies where researchers used SERVQUAL, SERVPERF, and HEdPERF survey instruments.

Future implications from the proposed study are to develop a standard survey instrument for administrators of higher educational institutions to use in measuring student satisfaction and potential for retaining student enrollment. The survey instrument would include suggestions for identifying key service factors that are critical points of differentiation among the existing student body. In addition, the proposed survey could be modified to include performance factors from other service-related industries with the goal of identifying quality perceptions, satisfaction levels and commitment levels unique to each industry. Armed with accurate satisfaction and loyalty predictors, providers in all service industries could develop policy and strategies to retain a greater quantity of loyal customers and reduce the quantity of customer defections.
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