

**THE IMPACT OF IMAGE ON CUSTOMER SATISFACTION AND LOYALTY IN
HEALTHCARE INDUSTRY:
A COMPARISON STUDY BETWEEN THE PUBLIC AND PRIVATE HOSPITALS IN
KELANTAN**



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ABSTRACT

The service industry has becoming uniformed over time. When the differences between service characteristics are very marginal, if any, corporate image may make the difference between the service providers. This research posits that there is a significant correlation exists between image dimensions and perceived service quality, customer satisfaction, and customer loyalty in healthcare industry. The study found significant difference between hospitals on certain image dimensions namely; advice, customer relationship driven, social responsibility, and cost. The differences in image positioning among hospitals has contributed to the differences in service quality gap, with the significant differences found in the expectation on two service quality dimensions namely; assurance and empathy. The differences in expectations, in turn, caused the significant differences in customer perception towards different service providers. The service quality dimensions which have significant differences are reliability, responsiveness, assurance, and empathy. The study proved that different image dimensions among hospitals contributed to the differences on all loyalty factors namely; positive words of mouth, switching barriers, and willingness to pay more. The study also found positive relationship exists among central variables in the study namely; image, customer expectation, customer perception, service quality, customer satisfaction, and customer loyalty. Finally, the researcher estimated a multiple regression equation for each of the five central variables (customer expectation, customer perception, service quality, customer satisfaction, and customer loyalty) by using the six image dimensions (customer contacts, advice, customer relationship driven, social responsibility, position in the market, and cost).

Keywords: Image Dimension, Perceived Quality, Customer Satisfaction, Customer Loyalty

CHAPTER 1

AN OVERVIEW TO THE STUDY

1.1 Introduction

The aim of this chapter is to preview the background of the study, the overall context of the research areas, the problem statement, the research objectives, the research questions, the theoretical framework, the research hypothesis, and the limitations of the study.

1.2 Background of the Study

During the past few years, the healthcare industry in Malaysia has undergone drastic changes, resulting from the existences of many private hospitals all over the country. Nowadays, there are 224 private hospitals located nationwide (Ministry of Health Malaysia, 2002). The opening of these hospitals shows a tremendous growth in healthcare industry in Malaysia of which the marketplace characterized by intense competition, little growth in primary demand, and increased deregulation by the government to promote and boost medical and health tourism in the country.

According to Dato' Chua Jui Meng, (2002), the Minister of Health, the government has cooperated and worked together with private hospitals to maximize the use of existing facilities and expertise in order to compete effectively with the neighboring countries in this industry. In doing this, the government has formed the National Committee for the Promotion of Medical and Health Tourism in November 2001. Then, this committee was refined to "The National Committee for the Promotion of Health Tourism in Malaysia" in 2002. The membership of the committee extended to several other agencies such as the Malaysian Industrial Development Authority (MIDA), the Malaysian Association of Tour