

RESEARCH ARTICLE

An Integrated Model of Customer Loyalty in Automobile Insurance in Thailand

Wanngam Meeboonsalang and Singha Chaveesuk*
King Mongkut's Institute of Technology Ladkrabang, Thailand
*singha@it.kmitl.ac.th

Abstract: Factors influencing customer loyalty toward automobile insurance companies in Thailand were examined, and a structural equation model of variables was analyzed. A questionnaire was employed to gather primary data. Survey participants included 549 customers of automobile insurance companies in Thailand derived from multi-stage sampling. Data were analyzed using confirmatory factor analysis (CFA) and structural equation modeling (SEM). Findings revealed that service quality, brand image, and customer commitment had a positive impact on customer loyalty, with perceived value and customer trust showing a negative impact. Service quality had a strong impact on customer satisfaction, which had no direct effect on customer loyalty. Perceived value could lead to customer satisfaction. No relationship was found between the brand image and customer satisfaction.

Keywords: automobile insurance, customer loyalty, customer satisfaction, Thailand

Competition among automobile insurance companies to attract new customers and retain existing customers is high. Insurance companies have adapted to meet these dynamic challenges by changing their marketing strategies. Customer loyalty is the most important goal for an organization (Eakuru & Mat, 2008; Reichheld & Cook, 1996) because it provides competitive advantages and improves company security, market share growth, and financial strengths (Kotler, 2003). Loyal customers make purchasing decisions without hesitation and are not interested in products from other corporate competitors (Jacoby & Kyner, 1973). Hence, many companies with poor customer loyalty are now focusing on improvements (Kuusik & Varblane, 2009) because customer loyalty provides strategically mutual benefits for both the company and its customers (Reichheld & Detrick,

2003). Companies benefit from customer loyalty by gaining higher revenues and market share, whereas loyal customers enjoy extra privileges and feel safe to use the company's products and services. Reichheld and Sasser (1990) supported this argument and stated, "if an organization can increase existing customers by 5%, this will result in a 25-85% increase of benefit" (p. 2). Singh and Imran (2012) determined that it cost more to attract a new customer than to retain an existing one. Customer loyalty can lead to a large increase in purchasing and competitive advantage. In addition, loyal customers' word of mouth advertising is valuable for securing existing customers (Haywood, 1988; Oliver, 1999; Petrick, 2004; Shoemaker & Lewis, 1999; Yoo & Bai, 2013).

Customer loyalty is also beneficial in the service industries like insurance companies because it

enhances corporate success (Rastgoo & Dastranj, 2016) and leads to a dramatic benefit in various aspects such as increasing revenue, reducing cost, gaining higher market share, and minimizing customer's sensitivity toward insurance premiums (Abasnejad, Kafash, & Sehat, 2011). Customers loyal to a particular company will buy products frequently, are willing to try new products and services, tell others about the company's products and services, and sincerely provide suggestions for improvements (Reichheld & Sasser, 1990).

Previous studies indicated that various factors affect customer loyalty, including customer satisfaction (Neal, 1999; Rai & Medha, 2013; Yazdanpanah, Zamani, Hochrainer-Stigler, Monfared, & Yaghoubi, 2013), service quality (Rai & Medha, 2013; Yazdanpanah et al., 2013), trust (Rai & Medha, 2013; van Tonder, 2016), commitment (Rai & Medha, 2013; van Tonder, 2016), switching cost (Rai & Medha, 2013), communication (Rai & Medha, 2013), brand image (Rahi, 2016), customer relationship (Rahi, 2016), public relations perception (Rahi, 2016), and customer value (Rahi, 2016). Previous studies also indicated that customer loyalty was associated with word of mouth advertising (Brown, Barry, Dacin, & Gunst, 2012; Lewis & Soureli, 2006; Zeithaml, Berry, & Parasuraman, 1996), up-selling (Reichheld & Cook, 1996), market share (Chaudhuri & Holbrook, 2001), and profit (Andreassen & Lindestad 1998; Chiou & Droge 2006; Reichheld & Sasser 1990). These findings implied that customer loyalty was the core foundation of competitive advantage and sustainable growth of the manufacturing, service, and retail industries (Dick & Basu, 1994). This study, therefore, examined factors affecting customer loyalty regarding automobile insurance in Thailand and offered suggestions as to how related stakeholders could improve their customer loyalty.

Literature Review

Customer Loyalty

Customer loyalty refers to repeated purchase behavior based on an individual's knowledge, emotional feeling, assessment, and behavioral elements (Jacoby, 1971). This loyalty is also associated with trust in an organization or service provider (Fournier & Yao, 1997). Zeithaml, Bitner, and Gremler (1996)

noted that a loyal individual would purchase a greater amount of products without hesitation. The individual offers sincere suggestions as to how the company can improve its products. Furthermore, a loyal individual will continuously purchase a company's products without switching to other brands.

Dick and Basu (1994) divided customer loyalty into four types—true loyalty, latent loyalty, spurious loyalty, and no loyalty. On the other hand, Oliver (1999) classified loyalty as cognitive loyalty, affective loyalty, conation loyalty, and action loyalty. Coyles and Gokey (2002) suggested different aspects of loyalty and recognized three categories—emotive, inertial, and deliberative. Some elements and behaviors indicating loyalty to a brand consist of purchase intention (Bloemer & Odekerken-Schroder, 2002; Chiu, Hsieh, & Wang, 2008; Chowdhury, Reardon, & Srivastava, 1998; Cronin, Brady, & Hult, 2000; Dimitriades, 2006; Eakuru & Mat, 2008; Liang & Wang, 2007), positive word-of-mouth communication (Bloemer & Odekerken-Schroder, 2002; Chiu et al., 2008; Chowdhury et al., 1998; Cronin et al., 2000; Dimitriades, 2006; Eakuru & Mat, 2008; Liang & Wang, 2005), complaining behavior (Ibrahim & Najjar, 2008), price insensitivity (Bloemer & Odekerken-Schroder, 2002; Chiu et al., 2008; Dimitriades, 2006; Ibrahim & Najjar, 2008), first choice (Lee & Overby, 2004; Parasuraman, Zeithaml, & Malhotra, 2005; Wong & Sohal, 2006; Zeithaml et al., 1996), and do more business (Parasuraman et al., 2005; Zeithaml et al., 1996). Here, customer loyalty was assessed by repurchase intention, word-of-mouth communication, and recommendation.

Customer Satisfaction

Fornell (1992) defined customer satisfaction as emphasizing the evaluation process of a consumer. On the other hand, Giese and Cote (2002) defined the term as “the response of the end user who may or may not be the purchaser” (p. 3). According to Lombard (2009), customer satisfaction refers to the level of satisfaction with products or services that meet the consumer's expectation. Customer satisfaction can be measured by various parameters: Swedish customer satisfaction barometer, American customer satisfaction index, European customer satisfaction index, Japanese customer satisfaction index, and Thailand customer satisfaction index. Previous studies confirmed the positive relationship between customer satisfaction

and customer loyalty (Neal, 1999; Rai & Medha, 2013; Yazdanpanah et al., 2013). In this study, customer satisfaction was measured using three dimensions: (1) satisfaction with the insurance staff, (2) satisfaction with functional services provided by the automobile insurance sector, and (3) satisfaction with the insurance company. Hence, the first hypothesis is proposed as:

H₁: Customer satisfaction has a positive impact on customer loyalty.

Service Quality

Service quality is a concept which adheres to delivering service without defect to meet and to understand the consumer's needs (Crosby, Evans, and Cowles, 1990). Lewis and Booms (1983) defined service quality as the extent to which a corporation can provide products and services to meet customer expectation. The most well-known tool for measuring service quality is SERVQUAL, developed by Parasuraman et al. (1988). They began with 10 dimensions to measure the quality of service: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibility, and understanding the customer. However, the latest version of SERVQUAL, which was applied in this study, consists of five dimensions: tangibility, reliability, responsiveness, assurance, and empathy which are further divided into 22 items (Parasuraman, Zeithaml, & Berry, 1994). Some studies focused on the relationship between service quality and customer satisfaction (Anderson & Sullivan, 1993; Fornell, Johnson, Anderson, Cha, & Bryant, 1996; Oliver, 1993), and determined a positive relationship between these two variables. In addition, some studies found a positive relationship between service quality and customer loyalty (Cronin & Taylor, 1992; Kheng, Mahamad, Ramayah, & Mosahab, 2010; Oliver, 1999; Rai & Medha, 2013). Hence, the second and third hypotheses are proposed as follows:

H₂: Service quality has a positive impact on customer satisfaction.

H₃: Service quality has a positive impact on customer loyalty.

Perceived Value

Generally, perceived value is defined as the differentiation between total benefits and losses from

purchasing products or services. Benefits arise as a social benefit and psychological benefit (Sweeney & Soutar, 2001). Zeithaml (1988) suggested that benefits refer to the utilities of a product as evaluated by a consumer based on his/her perception. Gounaris, Tzempelikos, and Chatzipanagiotou (2007) divided perceived value into six elements: product value, procedural value, personal value, emotional value, social value, and perceived sacrifice. Perceived value was associated with customer satisfaction (Dodds & Monroe, 1985; Gera, 2011; Schiffman & Kanuk, 2004; Yazdanpanah et al., 2013), and customer loyalty (Bolton & Drew 1991; Rahi, 2016; Sirdeshmukh, Singh, & Sabol, 2002). This study focused on only three dimensions of perceived value: social value, emotional value, and functional value. Based on the literature review, the fourth and fifth hypotheses are proposed as follows:

H₄: Perceived value has an influence on customer satisfaction.

H₅: Perceived value has an influence on customer loyalty.

Brand Image

Brand image is important for creating the value of the brand and its owner (Anaker, 1991), and is associated with the customer's beliefs on a brand, which include functional and symbolic beliefs (Low & Lamb 2000). Keller (1993) defined brand image as a perception of the brand, which reflects a relationship between the brand and a customer's memory. According to Kotler (2001), brand image refers to "the set of beliefs, ideas, and impression that a person holds regarding an object" (p. 273). Advertisement and public relations are employed to display the specific attributes of the brand. Kotler (2003) also noted that various brands from the same or related corporations do not require a similar image. Brand image is specific for each brand, depending on the positioning and differentiation strategies of the company.

In this study, brand image is defined as the set of beliefs, ideas, and impression that a person holds regarding a trademark or brand of an insurance company. Brand image is also associated with a company's reputation, social contribution, positive attitude to staff, and the provision of goods and various services to meet the customer's needs. Based on the studies of Chi, Yeh, and Tsai (2011), Hsieh

and Li (2008), Hung (2008), and Park, Jaworski, and MacInnis (1986), brand image can be measured by three dimensions: functional benefit, symbolic benefit, and experiential benefit. Previous studies indicated that brand image had a positive impact on customer satisfaction (Kapferer, 2011; Palacio, Meneses, & Perez, 2012). Brand image also resulted in customer loyalty (Pimentel & Heckler, 2003; Rahi, 2016). Therefore, the sixth and seventh hypotheses are proposed as follows:

H₆: Brand image has an influence on customer satisfaction.

H₇: Brand image has an influence on customer loyalty.

Customer Commitment

Customer commitment is a major element which enhances the achievement of a long-term relationship between a company and its clients, finally leading to a higher level of corporate benefits (Walter, Mueller, Helfert, & Wilson, 2002). Whenever an individual has positive experiences and attitude toward an object, he/she will repurchase and give word-of-mouth recommendation to others. Finally, the individual will be committed to the brand resulting in sustainable competitive advantage (Hur, Park, & Kim, 2010). Researchers defined customer commitment from different perspectives. According to Wetzels, Ruyter, and Van Birgelen (1998) customer commitment refers to “a psychological sentiment of the mind through which an attitude concerning continuation of a relationship with a business partner is formed” (p. 409). Hence, customer commitment involves a motivation to purchase products and services presented by a corporation (Alabdi & Kang, 2015). In this study, customer commitment was defined as a client’s firm and stable attitude toward an insurance company because the client was impressed by its good customer-oriented service and superior benefit provision. Based on the studies of Alabdi and Kang (2015), Bansal, Irving, and Taylor (2004), Gundlach, Achrol, and Mentzer (1995), Keh and Xie (2009), Meyer and Allen (1991), Shukla, Banerjee, and Singh (2016), and Walter et al. (2002), customer commitment can be measured in three dimensions: affective commitment, calculative commitment, and normative commitment. Rai and Medha (2013) determined a positive relationship between customer commitment

and customer loyalty. Other studies also found similar results (Hennig-Thurau, 2004; Morgan & Hunt, 1994; Rauyrueen & Miller, 2007). Thus, the eighth hypothesis is proposed as:

H₈: Customer commitment has an influence on customer loyalty.

Customer Trust

Chaudhuri and Holbrook (2001) defined customer trust as the confidence of an individual toward a brand. Customer trust is also associated with confidence in a sales agent to provide a long-term service (Chi et al., 2011). Yu and Tung (2013) defined customer trust according to the insurance context and stated that trust refers to the confidence of the customer toward the expression of the insurance agents to develop a long-term relationship. Based on the studies of Chi et al. (2011), Crosby et al. (1990), and Wei, Tang, Yu, Wang, and Mason (2014), customer trust can be categorized into three dimensions: credible, honest, and trustworthy. Here, three elements of trust were considered as a trust in a company, trust in agent/staff, and trust in management. Customer trust provides positive consequences for a company, which leads to customer satisfaction (Anderson, Fornell & Rust, 1997). Some previous studies determined that customer trust resulted in customer loyalty (Aziz, Hassan & Jaafar, 2014; Aydin and Ozer, 2005; Chen & Xie, 2007; Doney & Cannon, 1997; Du Plessis, 2010; Morgan & Hunt, 1994). The ninth hypothesis, therefore, is proposed as:

H₉: Customer trust has an influence on customer loyalty.

The literature review suggested that six factors influenced customer loyalty: customer satisfaction, service quality, perceived value, brand image, customer commitment, and customer trust. Hence, the theoretical framework was set up, as illustrated in Figure 1.

Methods

Participants

Participants in this study were 549 customers of insurance companies in Thailand derived from multi-stage sampling. The majority of the respondents were female (52.80%). Most of the respondents were 30–39

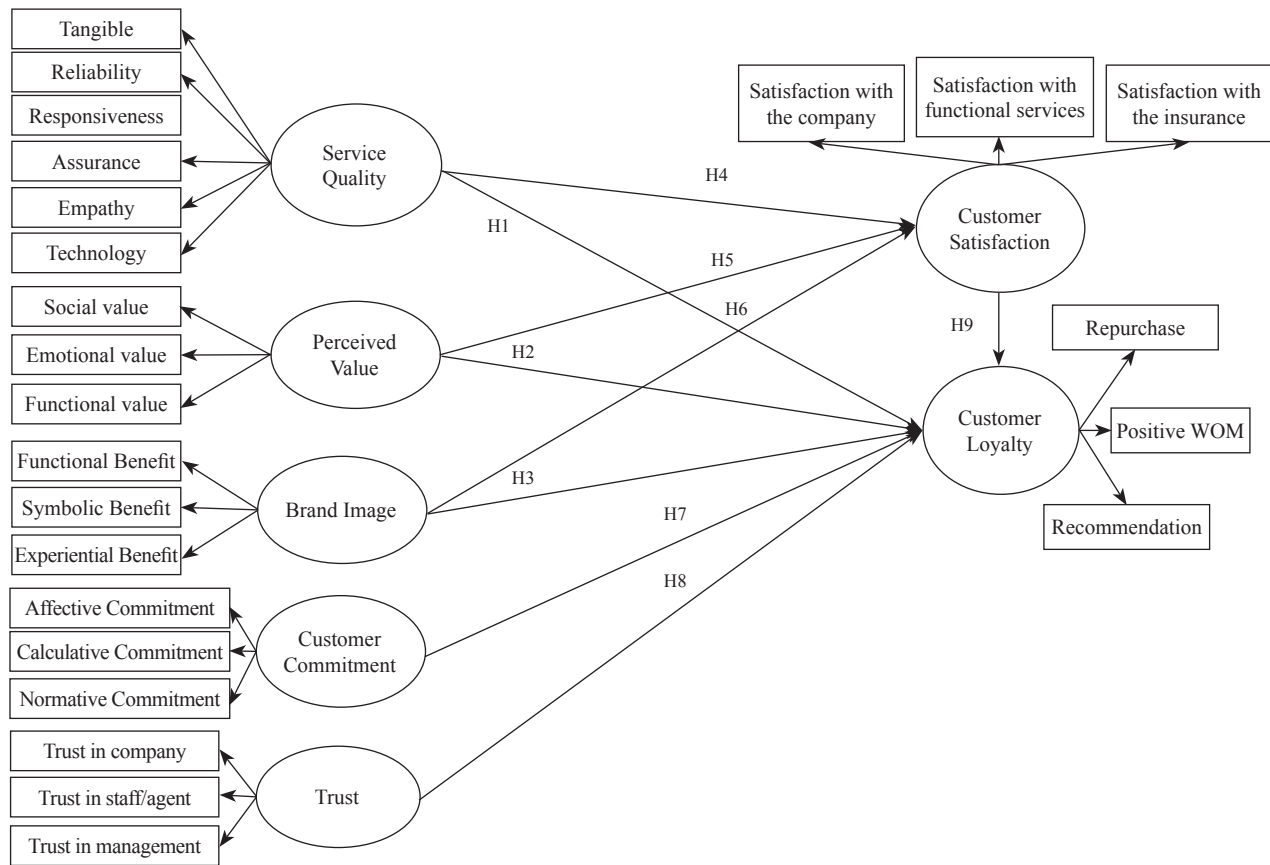


Figure 1. Theoretical framework.

years old, and 57.40% held a bachelor’s degree. Most respondents worked as employees in private companies (41.53%), and 49.36% were single. The majority had an income ranging from 10,001 to 20,000 baht. In addition, 75.41% owned a car.

Measures

Seven constructs were employed in this study—customer loyalty, customer satisfaction, service quality, perceived value, brand image, commitment, and trust. These were measured using a 7-point Likert scale anchored by strongly disagree to strongly agree.

Customer loyalty was measured and adapted from the studies of Hsieh and Li (2008), Nasir, (2011), and Yazdanpanah et al. (2013) using three dimensions: repurchase, positive word-of-mouth, and recommendation. Each measure had three items, including “I will purchase the insurance premium from the previous company” and “I will tell other people positive information about the insurance company.”

Customer satisfaction was developed and measured based on the studies of Hadush (2014), Masood and Sharma (2010), and Yazdanpanah et al., (2013). This construct consisted of three dimensions: satisfaction with the company, satisfaction with functional services, and satisfaction with insurance. The measure had four items, including “I am impressed with the service of the insurance agent” and “The insurance agent has a good skill, knowledge, and capability in his/her job.”

Service quality was developed and measured based on the studies of Hadush (2014), Masood and Sharma (2010), and Tsoukatos and Rand (2006) and consisted of six dimensions: tangible, reliability, responsiveness, assurance, empathy, and technology. This construct consisted of eight items, including “the insurance agent provides friendly and polite service” and “I am serviced by an agent who has a good understanding of the work system with the knowledge and capability to perform his/her task.”

Perceived value was measured and adapted from the study of Yazdanpanah et al. (2013) and assessed on social value, emotional value, and functional value. This construct consisted of five items, including “the current insurance company provides protection and follows the conditions of the contract” and “purchasing the insurance premium is valuable in accordance with the feeling of safety and the service quality I have received.”

Brand image was measured and adapted from the study of Kumar (2011). This construct consisted of three dimensions: functional benefit, symbolic benefit, and experiential benefit. There were four items in the construct, including “the insurance company has a good reputation and always participates in social contribution activities” and “the insurance company is well-prepared on various services, e.g., staff and service areas.”

Customer commitment was measured and adapted from the studies of Allen and Meyer (1990), Dambush (2014), and Rai and Medha (2013). This construct consisted of three dimensions: affective commitment, calculative commitment, and normative commitment, with five items, including “I will remain the customer of this current insurance company since I am happy and committed as their customer” and “this insurance company provides good management and places importance on its customers.”

Customer trust was measured and adapted from the studies of Crosby et al. (1990) and Wei et al. (2014) with three dimensions: trust in company, trust in staff/agent, and trust in management. It consisted of five items including “I trust in the service system of my current insurance company” and “I am willing to remain the customer of my current insurance company since comparing advantages/disadvantages with the service of other companies requires time, energy, and effort.”

Analysis

Several statistical techniques were used in this study. Descriptive statistics such as mean, frequency, percentage, and standard deviation were employed to describe the attributes of each variable. Confirmatory factor analysis (CFA) was used to validate the measurement model of each construct. Finally, the full structural model was analyzed using the structural equation modeling technique (SEM) to test the hypothesis and examine the model fit. Nowadays,

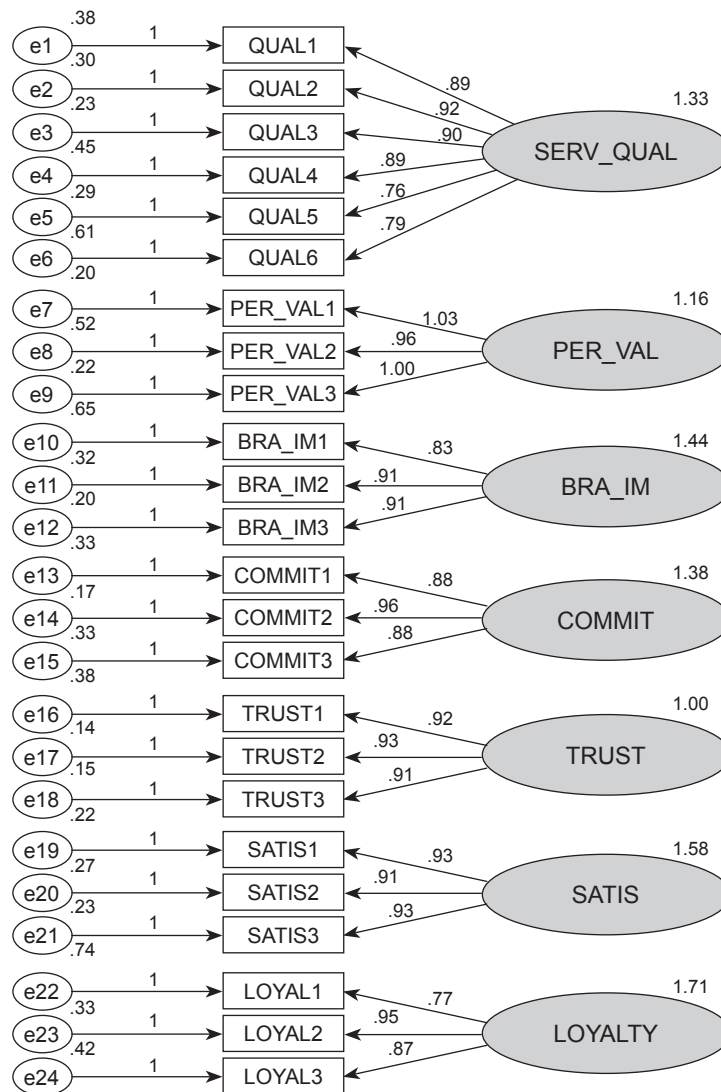
SEM has become very popular among researchers performing quantitative research (Kline, 2011; Ullman, 2006) because it facilitates the analysis of complex relationships between latent variables. There are two aspects of SEM—measurement and structural. Measurement links the observed variables to their latent variables, and the structural aspect links each construct together. Hence, the major role of SEM is to estimate these two aspects in a single model.

Results

Confirmatory Factor Analysis (CFA)

Firstly, CFA was conducted to test the validity of the measurement models, and the hypothesized factors are referred to as latent variables. A latent variable is defined more accurately to the extent that the measures that define it are strongly related to one another. If, for example, one measure is only weakly correlated with two other measures of the same construct, then that construct will be poorly defined. This technique compares theoretical measurement models against empirical data. Overall model fit and construct validity were examined (Hair, Black, Babin, & Anderson, 2014). The CFA results are selected model-fit-statistics from the output, indicating the overall model chi-square of 591.865 with 171 degrees of freedom. The p -value associated with the result was .000. This p -value is significant because this study had a sample size of 549, greater than 250, and 24 observed variables ranging between 12 and 30 (Hair et al., 2014). The RMSEA value was .067, indicating additional support for the model fit. The normed chi-square was 3.461 and considered as an acceptable fit for the CFA model. In addition, the CFI of .975 exceeded the suggested cutoff values, indicating a model fit, as shown in Figure 2.

The CFA results provided good evidence of discriminant validity. The average variance extracted (AVE) should be greater than the squared correlation estimate. According to the CFA results, most AVE estimates were greater than the corresponding inter-construct squared correlation. However, some squared correlation estimates were greater than AVEs, indicating moderate discriminant validity which could result in moderate CFA model fit.



Chi-square = 501.865, DF = 171, P-value = .000, Relative Chi-square = 3.461, GFI = .926, AGFI = .871, CFI = .975, RMSEA = .067, RMR = .151, NFI = .965

Figure 2. The CFA model.

SEM Analysis

Model fit and structural relationships were examined according to the SEM analysis. Table 1 shows the overall fit statistics after testing the variables influencing customer loyalty of the automobile insurance in Thailand model. The chi-square was 1515.680 with 233 degrees of freedom ($p < .05$), and normed chi-square was 6.505. The model CFI was .924 with an RMSEA of .100. Overall model fit changed slightly from the CFA model (see Table 1). Some measures were within the range, indicating an

acceptable good fit. We examined the path coefficients and loading estimates to ensure that they had not changed substantially from the CFA results.

Based on the residuals and modification indices from the initial SEM model, we examined a re-specification of our hypothesized SEM model. Hence, the model was re-estimated, and revised model fit statistics are shown in Table 1. The re-specification of overall fit revealed a chi-square value of 288.049 with 155 degrees of freedom ($p < .05$) and normed chi-square value of 1.858. Revised model CFI was .992

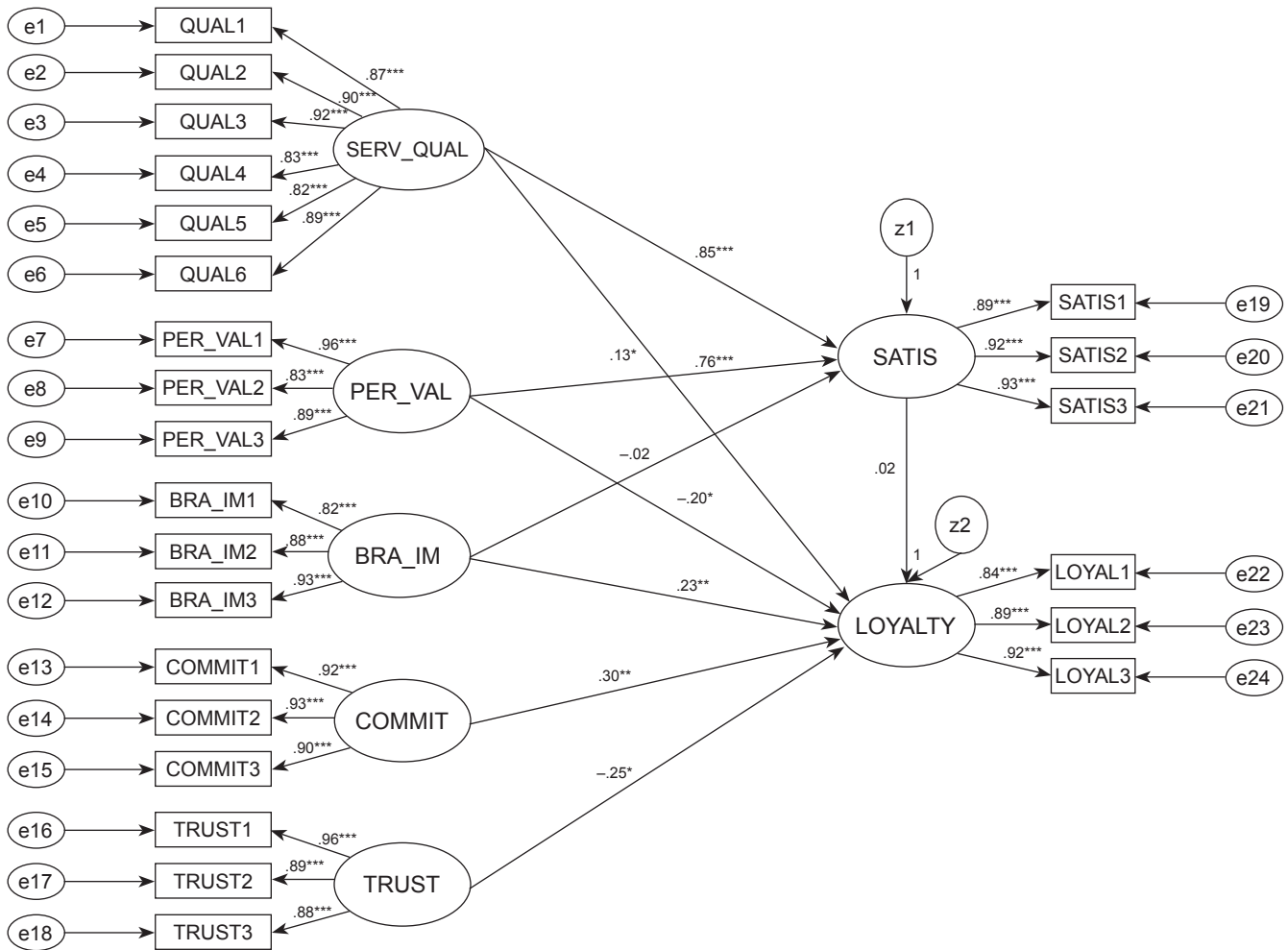
with RMSEA of .040. In addition, the GFI value was .960. All these measures were within a range associated with a good fit and suggested that the model provided an overall good fit, which changed substantially from the hypothesized model. Standardized path coefficients are shown in Figure 3.

Results in Table 2 show that several estimates from the original model changed as would be expected. Most notably, PER_VAL→LOYALTY, BRA_IM→LOYALTY, and TRUST→LOYALTY relationships were significant. In addition, SERV_QUAL→SATIS, SERV_QUAL→LOYALTY, PER_VAL→SATIS, and COMMIT→LOYALTY relationships remained

significant but slightly less than before, except for the SERV_QUAL→LOYALTY relationship, which was substantially greater than before. Furthermore, SATIS→LOYALTY and BRA_IM→SATIS relationships remained insignificant.

Hypothesis Testing

According to the SEM analysis, the revised model fitted with the empirical data. Relationships between each variable are illustrated in Table 2. Results of hypothesis testing show that seven hypotheses were supported ($H_2, H_3, H_4, H_5, H_7, H_8,$ and H_9) and two were not supported (H_1 and H_6) as illustrated in Table 3.



Chi-square = 288.049, df = 155, Chi-square/df = 1.858, p = .000, GFI = .960, AGFI = .923, CFI = .992, RMSEA = .040, RMR = .031, NFI = .983

Figure 3. Standardized path estimates for the revised SEM model.

Table 1*Comparison of Goodness-of-Fit Measures Between the Hypothesized SEM and Revised SEM Models*

Goodness-of-Fit Statistics	SEM Model	Revised SEM Model
Absolute fit measures		
Chi-square	1515.680	288.049
Degree of freedom	233	155
<i>p</i> -value	.000	.000
GFI	.812	.960
RMSEA	.100	.040
RMR	.051	.031
Normed chi-square	6.505	1.858
Incremental fit indices		
NFI	.911	.983
CFI	.924	.992
RFI	.895	.970
Parsimony fit indices		
AGFI	.758	.923
PNFI	.769	.552

Table 2*Comparison of Structural Relationships for the Hypothesized and Revised Models*

Hypothesized Model		Revised Model	
Structural Relationship	Std. Parameter Estimated	Structural Relationship	Std. Parameter Estimated
H_1 : SATIS→LOYALTY	.101	H_1 : SATIS→LOYALTY	.021
H_2 : SERV_QUAL→SATIS	.878***	H_2 : SERV_QUAL→SATIS	.849***
H_3 : SERV_QUAL→LOYALTY	.508**	H_3 : SERV_QUAL→LOYALTY	.761***
H_4 : PER_VAL→SATIS	.142*	H_4 : PER_VAL→SATIS	.130*
H_5 : PER_VAL→LOYALTY	-.108	H_5 : PER_VAL→LOYALTY	-.196*
H_6 : BRA_IM→SATIS	-.065	H_6 : BRA_IM→SATIS	-.018
H_7 : BRA_IM→LOYALTY	.155	H_7 : BRA_IM→LOYALTY	.232**
H_8 : COMMIT→LOYALTY	.314*	H_8 : COMMIT→LOYALTY	.297**
H_9 : TRUST→LOYALTY	-.103	H_9 : TRUST→LOYALTY	-.247*

p*-value < .05, *p*-value < .01, ****p*-value < .001

Table 3*Results of Hypothesis Testing*

Hypothesis	Hypothesis testing
H_1 : Customer satisfaction has an influence on customer loyalty	Not supported
H_2 : Service quality has an influence on customer satisfaction	Supported
H_3 : Service quality has an influence on customer loyalty	Supported
H_4 : Perceived value has an influence on customer satisfaction	Supported
H_5 : Perceived value has an influence on customer loyalty	Supported
H_6 : Brand image has an influence on customer satisfaction	Not supported
H_7 : Brand image has an influence on customer loyalty	Supported
H_8 : Customer commitment has an influence on customer loyalty	Supported
H_9 : Customer trust has an influence on customer loyalty	Supported

Discussion

This study extends current knowledge related to the interrelationship between selected variables (customer satisfaction, service quality, perceived value, brand image, customer commitment, and customer trust) and customer loyalty. We found no association between customer satisfaction and customer loyalty, which did not support previous studies (Neal, 1999; Rai & Medha, 2013; Yazdanpanah et al., 2013) that confirmed a strong relationship between customer satisfaction and customer loyalty. Hence, this issue should be examined in more detail for different cultural contexts to obtain a better understanding of clients' attitudes toward insurance products and services.

Findings also revealed a positive relationship between service quality and customer satisfaction, which supported the results of previous studies (Anderson & Sullivan, 1993; Fornell et al., 1996; Oliver, 1993; Spreng & Mackoy, 1996). Thus, individuals who experience good service from an insurance company will be satisfied. We also found a positive relationship between service quality and customer loyalty, which supported previous findings (Cronin & Taylor, 1992; Kheng et al., 2010; Oliver, 1999; Rai & Medha, 2013).

Perceived value was found to positively influence customer satisfaction, in line with previous studies (Dodds & Monroe, 1985; Gera, 2011; Schiffman &

Kanuk, 2004; Yazdanpanah et al., 2013). However, findings revealed a negative relationship between perceived value and customer loyalty in contrast with other studies (Bolton & Drew 1991; Rahi, 2016; Sirdeshmukh et al., 2002). Notably, the social value was determined as the most important indicator explaining the perceived value, which might lead to different findings compared to research in Western countries. More in-depth studies should be conducted to compare Thailand and other social contexts to obtain a better understanding.

Various researchers suggested brand image as an important factor leading to customer satisfaction (Kapferer, 2011; Palacio et al., 2012). However, there was no association between brand image and customer satisfaction in the Thai insurance context. This might be because Thais are more concerned about the quality of service rather than the brand reputation and image. Hence, providing clients with good quality of service will result in satisfaction.

Previous studies found a strong positive relationship between brand image and customer loyalty (Pimentel & Heckler, 2003; Rahi, 2016), and our results concurred with this. An increasing positive attitude toward brand image also increases customer loyalty toward an insurance company. In addition, our study determined a positive relationship between customer commitment and customer loyalty, which supported previous results (Hennig-Thurau, 2004; Morgan &

Hunt, 1994; Rai & Medha, 2013; Rauyruen & Miller, 2007).

Customer commitment occurs when an individual has a good experience and attitude toward insurance products and services. The individual, then, will gradually commit to company products, services, and the company itself. An individual who commits to a company and its brand will maintain customer loyalty as supported by previous studies. Hence, an individual will express his/her loyalty by repurchasing the product, giving positive word-of-mouth communication, and offering useful suggestions and recommendations for the company.

Last, but not least, customer trust has been noted by various studies (Aziz et al., 2016; Aydin & Ozer, 2005; Chen & Xie, 2007; Doney & Cannon, 1997; Du Plessis, 2010; Morgan & Hunt, 1994) to enhance customer loyalty. However, our results contrasted with this. We recorded a negative relationship between customer trust and customer loyalty. This finding might be related to the attitude of respondents toward purchasing insurance. In Western countries, people buy insurance for many reasons—to pay final expenses, to cover children's schooling costs, to replace spouse's income, to pay off debts, to buy a business partner's shares, to pay off estate taxes, cover health care costs, and to maintain the current standard of living. However, some Thais regard insurance as a burden and not necessary for day to day living. They are not interested in purchasing insurance. As service quality has the greatest impact on customer loyalty, insurance firms should emphasize on improving customer service. To achieve this goal, insurance firms should focus on responsiveness, reliability, tangibility, assurance, empathy, and technology with the most important attribute listed first.

Declaration of ownership

This report is our original work.

Conflict of interest

None.

Ethical clearance

The study was approved by the institution.

References

- Abasnejad, S., Kafash M. H., & Sehat S. (2011). The relationship between sale ethical behavior and customer loyalty in insurance life (Case study: An insurance company). *Insurance Journal*, 26(4), 131–154.
- Alabdi, Y., & Kang, J. (2015). Three-dimensional customer commitment model: Investigating its impact on loyalty relational outcomes. In M.C. Dato-on (Ed.), *The sustainable global marketplace* (pp. 237–237). New York: Springer.
- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of occupational and organizational psychology*, 63(1), 1–18.
- Anaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name*. NY: Free Press.
- Anderson E. W., & Sullivan, M. W. (1993). **The antecedents and consequences of customer satisfaction for firms.** *Marketing Science*, 12(2), 125–143.
- Anderson, E. W., Fornell, C., & Lehmann, D. R. (1994). Customer satisfaction, market share and profitability: findings from Sweden. *Journal of Marketing*, 58(3), 53–66.
- Anderson, E. W., Fornell, C., & Rust, R. T. (1997). Customer satisfaction, productivity, and profitability: Differences between goods and services. *Marketing Science*, 16(2), 129–145.
- Anderson, J. C., Narus, J. A., & Narayandas, D. (2009). *Business market management: Understanding, creating, and delivering value*. New York: Pearson Prentice Hall.
- Andreassen, T. W., & Lindestad, B. (1998). Complex services and customer loyalty: The significance of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management*, 9(1), 7–23.
- Aydin, S., & Ozer, G. (2005). How switching costs affect subscriber loyalty on the Turkish mobile phone market: An exploratory study. *Journal of Targeting Measurement and Analysis for Marketing*, 14(2), 141–155.
- Aziz, N. I. A., Hassan, F., & Jaafar, M. (2014). Exploring tourist experiences in Kampung Beng homestay programme. *Asia-Pacific Journal of Innovation in Hospitality and Tourism (APJIHT)*, 3(1), 1–20.
- Bansal, H. S., Irving, P. G., & Taylor, S. F. (2004). A three-component model of customer to service providers. *Journal of the Academy of Marketing Science*, 32(3), 234–250.
- Bloemer, J., & Odekerken-Schroder, G. (2002). Store satisfaction and store loyalty explained by customer-and store-related factors. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 15, 68–80.
- Bolton, R. N., & Drew, J. H. (1991). A multistage model of customers' assessments of service quality and value. *Journal of Consumer Research*, 17 (3), 375–384.

- Brown, T. J., Barry, T. E., Dacin, P. A., & Gunst, R. F. (2012). Spreading the word: Investigating antecedents of consumers' positive word-of-mouth intentions and behaviors in a retailing context. *Journal of the Academy of Marketing Science*, 33(2), 123–138.
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 60(2), 81–93.
- Chen, Y., & Xie, J. (2007). Cross market network effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81–93.
- Chi, H., Yeh, H. R., & Tsai, Y. C. (2011). The influences of perceived value on consumer purchase intention: The moderating effect of advertising endorser. *Journal of International Management Studies*, 6(1), 1–6.
- Chiou, J. S., & Droge, C. (2006). Service quality, trust, specific asset investment, and expertise: Direct and indirect effects in a satisfaction-loyalty framework. *Journal of the Academy of Marketing Science*, 34(4), 613–627.
- Chiu, H. C., Hsieh, Y. C., & Wang, M. C. (2008). How to encourage customers to use legal software. *Journal of Business Ethics*, 80(3), 583–595.
- Chowdhury, J., Reardon, J., & Srivastava, R. (1998). Alternative modes of measuring store image: An empirical assessment of structured versus unstructured measures. *Journal of Marketing Theory and Practice*, 6(2), 72–86.
- Coyles, S., & Gokey, T. C. (2002). Customer retention is not enough. *The McKinsey Quarterly*, 2(2), 81–89.
- Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A reexamination and extension. *Journal of Marketing*, 56(3), 55–68.
- Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193–218.
- Crosby, L. A., Evans, K. R., & Cowles, D. (1990). Relationship quality in services selling: An interpersonal influence perspective. *Journal of Marketing*, 54(3), 68–81.
- Dick, A., & Basu, K. (1994). Customer loyalty: Toward an integrated conceptual framework. *Journal of the Academy of Marketing Science*, 22(2), 99–113.
- Dimitriades, Z. S. (2006). Customer satisfaction, loyalty and commitment in service organizations: Some evidence from Greece. *Management Research News*, 29(12), 782–800.
- Dodds, W. B., & Monroe, K. B. (1985). The effects of brand and price information on subjective product evaluation. *Advances in Consumer Research*, 12, 85–90.
- Doney, P. M., & Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61(2), 35–51.
- Du Plessis, L. (2010). *Customer relationship management and its influence on customer loyalty*. South Africa: University of Johannesburg.
- Eakuru, N., & Mat, N. K. N. (2008). The application of structural equation modeling (SEM) in determining the antecedents of customer loyalty in banks in South Thailand. *The Business Review*, 10(2), 129–139.
- Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American customer satisfaction index: Nature, purpose, and findings. *Journal of Marketing*, 60(4), 7–18.
- Fornell, C. (1992). A national customer satisfaction barometer: The Swedish experience. *Journal of Marketing*, 56(1), 6–21.
- Fournier, S., & Yao, J. L. (1997). Reviving brand loyalty: A reconceptualization within the framework of consumer-brand relationships. *International Journal of Research in Marketing*, 14(5), 451–472.
- Gera, R. (2011). Modelling the service antecedents of favourable and unfavourable behaviour intentions in life insurance services in India: An SEM study. *International Journal of Quality and Service Sciences*, 3(2), 225–242.
- Giese, J. L., & Cote, J. A. (2002). Defining consumer satisfaction. *Academy of Marketing Science Review*, 2000(1), 1–24.
- Gounaris, S. P., Tzempelikos, N. A., & Chatzipanagiotou, K. (2007). The relationships of customer-perceived value, satisfaction, loyalty and behavioral intentions. *Journal of Relationship Marketing*, 6(1), 63–87.
- Gundlach, G. T., Achrol, R. S., & Mentzer, J. T. (1995). The structure of commitment in exchange. *Journal of Marketing*, 59(1), 78–92.
- Hadush, D. N. (2014). *The role of customer relationship marketing on customer retention: A case of Ethiopian insurance corporation in Mekelle branch* (Unpublished master's thesis). Mekelle University, Ethiopia. Retrieved from <https://cutt.ly/ewdB3JI>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate data analysis* (7th ed.). Essex, UK: Pearson Education Limited.
- Haywood, K. M. (1988). Repeat patronage: Cultivating alliances with customers. *International Journal of Hospitality Management*, 7(3), 225–237.
- Hennig-Thurau, T. (2004). Customer orientation of service employees: Its impact on customer satisfaction, commitment, and retention. *International Journal of Service Industry Management*, 15(5), 460–478.
- Hsieh, A. T., & Li, C. K. (2008). The moderating effect of brand image on public relations perception and customer loyalty. *Marketing Intelligence & Planning*, 26(1), 26–42.

- Hung, C. H. (2008). The effect of brand image on public relations perceptions and customer loyalty. *International Journal of Management*, 25(2), 237–246.
- Hur, W. M., Park, J., & Kim, M. (2010). The role of commitment on the customer benefits–loyalty relationship in mobile service industry. *Service Industries Journal*, 30(14), 2293–2309.
- Ibrahim, H., & Najjar, F. (2008). Relationship bonding tactics, personality traits, relationship quality and customer loyalty: Behavioral sequence in retail environment. *The ICFAI Journal of Services Marketing*, 6(4), 1–37.
- Jacoby, J. (1971). Model of multi-brand loyalty. *Journal of Advertising Research*, 11(3), 25–31.
- Jacoby, J., & Kyner, D. B. (1973). Brand loyalty vs repeat purchasing behavior. *Journal of Marketing Research*, 10(1), 1–9.
- Kapferer, J. N. (2011). The roots of brand loyalty decline: An international comparison. *Ivey Business Journal*, 69(4), 1–6.
- Keh, H.T., & Xie, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. *Industrial Marketing Management*, 38(7), 732–742.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1–22.
- Kheng, L. L., Mahamad, O., Ramayah, T., & Mosahab, R. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International Journal of Marketing Studies*, 2(2), 57–66.
- Kline, R. B. (2011). *Principles and practice of structural equation modeling*, (3rd ed.). New York: Guilford Press.
- Kotler, P. (2001). *A framework for marketing management*. Upper Saddle River, NJ: Prentice Hall.
- Kotler, P. (2003). *Marketing management*. Upper Saddle River, NJ: Prentice Hall.
- Kumar, M. (2011). The impact of ‘brand equity’ determinants on consumers’ purchase decisions. A case study of the processed food sector in the national capital region of India. *Journal of Business and Retail Management Research*, 6(1), 1–8.
- Kuusik, A., & Varblane, U. (2009). How to avoid customers leaving: The case of the Estonian telecommunication industry. *Baltic Journal of Management*, 4(1), 66–79.
- Lee, E., & Overby, J. W. (2004). Creating value for online shoppers implications for satisfaction and loyalty. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 17(1), 54–67.
- Lewis, R., & Soureli, M. (2006). The antecedents of consumer loyalty in retail banking. *Journal of Consumer Behaviour*, 5(1), 15–31.
- Lewis, R. C. and Booms, B. H. (1983). “The marketing aspect of service quality”. In L. L. Berry, G. L. Shostack, & G. Upah (Eds.), *Emerging perspectives on services marketing* (pp. 99–104). Chicago: American Marketing Association.
- Liang, C. J., & Wang, W. H. (2007). An insight into the impact of a retailer’s relationship efforts on customers’ attitudes and behavioral intentions. *International Journal of Bank Marketing*, 25(5), 336–366.
- Lombard, R. M. (2009). Customer retention strategies implemented by fast food outlets in the Gauteng, Western Cape and Kwazulu-Natal Provinces of South Africa: A focus on something fishy, Nando’s and Steers. *African Journal of Marketing Management*, 1(2), 70–80.
- Low, G. S., & Lamb, C. W. (2000). The measurement and dimensionality of brand associations. *Journal of Product & Brand Management*, 9(6), 350–370.
- Masood, S., & Sharma, T.G. (2010). Analyzing customer satisfaction with service quality in life insurance services. *Journal of Targeting Measurement and Analysis for Marketing*, 18(3), 221–238.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61–89.
- Morgan, R. M., & Hunt, S. D. (1994) The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38.
- Nasir, A. A. (2011). Customer loyalty of export loss insurance in South Sulawesi. *Journal of Civilization*, 5(35), 109–121.
- Neal, W. D. (1999). Satisfaction is nice, but value drives loyalty. *Marketing Research*, 11(1), 21–23.
- Oliver, R. L. (1993). A conceptual model of service quality and service satisfaction: Compatible goals, different concepts. In T. A. Swartz., D. E. Bowen, & S. W. Brown (Ed.), *Advances in services marketing and management* (pp. 65–85). Greenwich: CT. JAI.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(1999), 33–44.
- Palacio, A. B., Meneses, G. D., & Perez, P. J. P. (2012). The configuration of the university image and its relationship with satisfaction of students. *Journal of Education Administration*, 40(5), 486–505.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12–40.
- Parasuraman, A., Zeithaml, V. A., & Malhotra, A. (2005). ES-QUAL a multiple-item scale for assessing electronic service quality. *Journal of Service Research*, 7(3), 213–233.
- Parasuraman, A., Zeithaml, V., & Berry, L. (1994). Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria. *Journal of Retailing*, 70(3), 201–230.

- Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic brand concept-image management. *Journal of Marketing*, 50(4), 135–145.
- Petrick, J. F. (2004). Are loyal visitors desired visitors? *Tourism Management*, 25(4), 463–470.
- Pimentel, R. W., & Heckler, S. E. (2003). Changes in logo designs: Chasing the elusive butterfly curve. In L. M. Scott & R. Batra (Eds.), *Persuasive imagery: A consumer response perspective* (pp. 105-127). Mahwah, NJ: Lawrence Erlbaum.
- Rahi, S. (2016). Impact of customer value, public relations perception and brand image on customer loyalty in services sector of Pakistan. *Journal of Internet Banking and Commerce*, 21(2), 1–14.
- Rai, A. K., & Medha, S. (2013). The antecedents of customer loyalty: An empirical investigation in life insurance context. *Journal of Competitiveness*, 5(2), 139–163.
- Rastgoo, H., & Dastranj, H. A. (2016). The impact the influence of ethical sales behavior on customers loyalty in insurance company (A case study: Iran Insurance Company-Fars branch). *International Business Management*, 10(20), 4921–4926.
- Rauyruen, P., & Miller, K. E. (2007). Relationship quality as a predictor of B2B customer loyalty. *Journal of Business Research*, 60(1), 21–31.
- Reichheld, F. F., & Cook, S. D. (1996). *The quest for loyalty: Creating value through partnership*. Boston, MA: Harvard Business School Press.
- Reichheld, F. F., & Sasser, W. E. (1990). Zero defections: Quality comes to services. *Harvard Business Review*, 68(5), 105–111.
- Reichheld, F., & Detrick, C. (2003). Loyalty: A prescription for cutting costs. *Marketing Management*, 12(5), 24–25.
- Schiffman, L. G., & Kanuk, L. L. (2004). *Consumer behaviour*, (8th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Shoemaker, S., & Lewis, R. C. (1999). Customer loyalty: The future of hospitality marketing. *Hospitality Management*, 18(4), 345–370.
- Shukla, P., Banerjee, M., & Singh, J. (2016). Customer commitment to luxury brands: Antecedents and consequences. *Journal of Business Research*, 69(1), 323–331.
- Singh, R., & Imran, K. (2012). An approach to increase customer retention and loyalty in B2C world. *International Journal of Scientific and Research Publications*, 2(6), 1–5.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges? *Journal of Marketing*, 66(1), 15–37.
- Spreng, R. A., & Mackoy, R. D. (1996). An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing*, 72(2), 201–214.
- Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. *Journal of Retailing*, 77(2), 203–220.
- Tsoukatos, E., & Rand, G. K. (2006). Path analysis of perceived service quality, satisfaction and loyalty in Greek insurance. *Journal of Managing Service Quality*, 16(5), 501–519.
- Ullman, J. (2006). Structural equation modeling: Reviewing the basics and moving forward. *Journal of Personality Assessment*, 87(1), 35–50.
- van Tonder, E. V. (2016). Trust and commitment as mediators of the relationship between quality advice and customer loyalty. *Journal of Applied Business Research*, 32(1), 289–302.
- Walter, A., Mueller, T. A., Helfert, G., & Wilson, D. T. (2002). *Delivering relationship value: Key determinant for customers' commitment*. Retrieved from <https://www.impgroup.org/uploads/papers/131.pdf>
- Wei, Z., Tang, H. Yu, F. R., Wang, M., & Mason, P. (2014). Security enhancements for mobile ad hoc networks with trust management using uncertain reasoning. *IEEE Transactions on Vehicular Technology*, 63(9), 4647–4658.
- Wetzels, M., De Ruyter, K., & Van Birgelen, M. (1998). Marketing service relationships: The role of commitment. *Journal of business & industrial marketing*, 13(4/5), 406–423.
- Wong, A., & Sohal, A. S. (2006). Understanding the quality of relationships in consumer services: A study in a retail environment. *International Journal of Quality & Reliability Management*, 23(3), 244–264.
- Yazdanpanah, M., Zamani, G. H., Hochrainer-Stigler, S., Monfared, N., & Yaghoubi, J. (2013). Measuring satisfaction of crop insurance: A modified American customer satisfaction model approach applied to Iranian farmers. *International Journal of Disaster Risk Reduction*, 5, 19–27.
- Yoo, M., & Bai, B. (2013). Customer loyalty marketing research: A comparative approach between hospitality and business journals. *International Journal of Hospitality Management*, 33(1), 166–177.
- Yu, T. W., & Tung, F. C. (2013). Investigating effects of relationship marketing types in life insurers in Taiwan. *Managing Service Quality: An International Journal*, 23(2), 111–130.
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence. *The Journal of Marketing*, 52(3), 2–22.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. V. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31–46.
- Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (1996). *Services marketing*. New York: Mc Graw Hill Inc.