

## **A Preliminary Investigation of the Effects of Servicescape on Consumers' Loyalty Intentions**

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### **Abstract**

The main purpose of the study was to investigate the effects of servicescape on service quality, customer satisfaction and then on the loyalty intentions in the service settings. The study has used two different industries including banking and restaurants to check the role of servicescape in determining the loyalty intentions of the consumers of services. The framework is unique in a way that it contains two different sets of mediator models that lead to loyalty intentions. Survey method was adopted to reach the target audience of both the industries and findings of the paper suggested that marketing practitioners must consider taken variables of servicescape if they want to achieve the quality, satisfaction and the loyalty. Future researchers may apply this model taking loyalty as their final constructs and moreover, the study also provides the measures to gauge the constructs of servicescape, perceived quality, customer satisfaction and loyalty intentions so that future research can advance in this field to explore more dimensions.

**Keywords:** servicescape, perceived quality, customer satisfaction, loyalty intentions

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## **Introduction**

The area service marketing distinguished itself in many ways from goods/product marketing and one of its features is physical evidence which gives a strong feeling about a service business. Consumers' encounters with the service environment when he or she visits a service settings and that is the first stage where a consumer may likely to get the impression about a service firm from the level of service he or she receives. Hooper, Coughlan, & Mullen (2013) suggested that it is very likely that a consumer may form an impression in the first visit into the service setting and therefore the authors argued that a service environment is a key in developing the service quality perceptions. Bitner (1992) has discussed the behaviors of employees and customers of service companies having physical surrounding (servicescape) which later gets immense popularity among service marketing research scholars. As services comes under the headings of intangible and mostly consumers give them importance after purchasing/consuming. The consumers who are not in a state of having complete information regarding service features are thus enforced to focus on the quality of services if they cannot rely on opinions of friends or other peer groups i.e. experts etc.

In the perspective of cue utilization (Cox, 1967; Jacoby, 1972) goods and services are consist of collection of a cues which give a substitute measure of the quality of a product. These cues were describes as extrinsic and intrinsic of the products (Reimer & Kuehn, 2005). The extrinsic features were described as product related or other marketing instruments i.e. prices and brand name whereas intrinsic features were characterized as physical features of a particular setting i.e. size and shape of a product (Wolinsky, 1983; Zeithmal, 1988; Rao & Monroe, 1989; Dodds, Monroe, & Grewal, 1991; Lee & Lou,

1996). The mentioned factors are believed to be prior to take a decision of the purchase or make any other substitute if any information is not available. Therefore, in this scenario complexity of information is avoided firmly. However, for products having tangible nature, many cues are generally available and service consumers are limited to small number of cues due to the intangible nature of service business. In most cases the price and physical facilities are the only cues available for service businesses (Zeithaml, 1981). Many service marketing authors refer physical facilities (servicescape) as a indicator of service quality (Baker, 1998; Reimer & Kuehn, 2005). Furthermore, Reimer & Kuehn (2005) stated in their paper that the serviescape term has been widely used to explain physical surroundings of a service settings. It include many things i.e. internal and external design, noice, temperature, ambient conditions and tengibles such as communication material, business cards and brouchers (Bitner, 1992).

### **Problem Statement:**

Most of the service settings are still deprived of the quality issues as they tend to find themselves as enterprises that is unaware of the potential benefits because at times it is unclear that what should be consider as a servicescape facet and the content of these dimension. Here a question rises that does servicescape really impact significantly on the service quality as mediator and then influence on consumer's satisfaction and then on loyalty or not.

### **Significance of the Study**

Processing a service is indeed a complex methodology for any product/product chain. One of the strong link to this chain has been named/titled as servicescape. Servicescape is structured model that focuses on the impact of the physical and tangible

factors in an environment if services processing. It directly addresses the behavior of

customers/individuals within the service environment with the aim to offer environmental design that meet the objective of customer's designed reaction/response. From customer satisfaction this model trying to reach to its another goal which is strong customer relationship. By using the variables which are affecting the consumers loyalty while working as a business and companies needs to work accordingly and much better way in order to gain maximum advantage from this.

### **Scope of the study**

This research is for the local restaurants and banks who give their maximum services in order to gain competitive edge over the multinational businesses, so that they can use this research in order to understand the servicescape and how it affects the consumer's loyalty.

## **Literature review**

### **Servicescape**

Servicescape is perhaps the broader term which is used to explain the effects of the physical and non physical cues and constructs. The concept of the servicescape have a very vital effect on consumers' loyalty intentions been stated by many prior studies and constructs on different business fields (Foxall & Yani-de-Soriano, 2005; Foxall & Greenlay, 1999). Perhaps, according to the common consent it is said to the conclusion that service settings can lead to the customers loyalty or disloyalty towards the brand or the business. (Lovelock, 2001; Hoffman & Turley, 2002). The main constructs of servicescape taken in this study are:

#### *Seating Comforts:*

Seating comforts is said to be an important issue for the consumers who are from leisure service background who sit for many hours to observe and take part in any

entertainment. This factor is purely depends on physical seating itself and also the space between the seats (Blodget & Wakefield, 1996). Seating comfort effects significantly to perceived service quality and ultimately positively impacts on customer loyalty. If we take an example of highly reputed restaurants that customers sit in for long hours and try to spent good time in the restaurants. Based on the findings of Blodget & Wakefield (1996), this is quite evident to say that seating comfort is tend to be the most important feature that adds on the leisure activities, and therefore proves the maximum loyalty amongst many customers.

### *Cleanliness*

Cleanliness is the dearth of dirt i.e, (stain, dust, and bad aroma). It was stated by Rosenquist (2005) that human demands related to levels of sanitation and hygiene are parallel to the the structure which is said in the organogram of needs, signifying that consumers in less develop economies follow pleasure-seeking or leisure activites required very high standards of cleaniliness. Perhaps, (2002) challenged that “marketing-wise” hygiene always makes a great intellect. More exclusively Blodget & Wakefield, (1996) declares that “Cleanliness is an important part of the servicescape”. The magnitude of clenliness is evident in many previous researches which unswervingly link that cleaniliness towards customers’ estimation on the servicescape, thus their upcoming behavior. (Stern & Stern, 2000).

### *Design (Furnishing)*

Bitner (1992) reported that visual elements related to aesthetic appeal can be considered as hidden communicators” or the physical things through which the belief of the organization portrays and how these beliefs works accordingly Ott, 1989; Buchanan & Huczynski 1997) and that means it is used in enhancing the moods and image or a

service establishment. Bitner (1992) has suggested the concept with a new term called De'cor which means the use of quality material in artwork, construction work and coverings of the floor. It gives different aspect to the customers' expectations and the norms for different behavior in the servicescape. Therefore, evaluation of servicescape by the consumers in aesthetic appeal would likely be form loyalty intentions as it influence on the belief of consumers about its trustworthiness, affordability, its success and effectiveness of the company.

### *Equipment*

Equipment has also been discussed many times in the prior literature of servicescape. There are various services where the role of equipment is primary and other services also have some connection with this variable. For self service settings this indicator has a significant role as by this the consumer evaluates various activities performed and also important in creating image of the services offered. Hoffman, Kelley, and Chung (2003) reported the argument that this part of servicescape has contributed service failures i.e. inoperative equipments and computers which caused difficulty to the consumers. Furthermore, Hooper, Coughlan, & Mullen, (2013) have also taken this variable in this study for store related products. From the above observations it was idealized to take equipment as an important aspect of servicescape in the context of banking and restaurants.

*H1: Servicescape has a Positive impact on Loyalty Intentions.*

### **Loyalty Intentions**

The idea of the features of servicescape has got a very strong reflection on consumer loyalty intentions are established in the context ranges. (Greenlay & Foxall, 1999; Foxall & Yani-de-Soriano, 2005). Previously the components of servicescape

explains the concept more rationally and the literature supports the evidence of mediators, it is quite evident to say that the generic of dependant variable is properly outlays in the frame work. Loyalty Intentions are defined as nature of customers to purchase a goods and services for multiple times and giving organizations either prefer competetiors. (Jacoby & Chestnut , 1978). Wong, Dean, & White, (1999) affirms that understanding the entire actions and conditions of the customers has become a very eminent fature of marketing endeavour. Loyalty intentions specifically have become very famous zones on contempoopry marketing research when the prior studies explore the fact how important is retening the customers are for an organizations even just a single customer. Example, a study by Reichelds(2000) shows that 5% of the diversity of customers may lead to a consistent results change in 25-100% increase in profits. According to Zins (2001) the study of loyalty management is pivotal concern in the area in the field of marketing. On the same side, Pritchard, Havitz, & Howard, (1999) portrays that why loyalty of customers towards one particular brand has become an imporatant issues in todaays modern era whereas, Gremler & Brown, (1996) has mainly emphasized on the consumers loyalty related to brand loylaty and not the product loyalty. Furthernore, the authors explain that loyalty towards services are under-researched.

### **Customer Satisfaction**

There are so many studies regarding the importance of servicescape and different features and insight of serivce quality. Likewise, many prior studies have recommended that “ fine dining” needs to have a specific ambient conditions however, “ fast food” needs to have another one (Bitner , 1992). As we have studied about the leisure activities, facility aesthetics and cleanliness always shows the positive impact on the given and standardized percieved quality. Satisfaction of a customer is futher resoluted by

perception of consumers, subsequently examination of a product or service where customers form emotional perspectives about the products offered (Churchil & Surprenant, 1982). It was recommended by Aderson, Fornell, & Lehman (1994) that at the initial level, satisfaction is based on the experience of a customer. Customer satisfaction is the most extensively used mediator in prior studies on Loyalty intentions (Ibanez, Hartman, & Calvo, 2006). As per the Reicheld, (1996), that enhanced and more improved satisfaction will definitely influence the likelihood to re-purchase the goods and sservices by consumers. Taylor & Baker, (1994) found a positive relationship between customer satisfaction and percieved service quality. They strongly resolute that customer satisfaction is directly and positively related to purchase intention. Anderson & Bryant, (1996) also emphasized on the fact that once a customer go and decided to purchase a goods and services, a satisfaction attitude is formed. Therefore, satisfaction is tend to increase than there are more chances of getting a repatronage. This will for sure then have an attiudanal loyalty however the consumer will spread positive word of mouth and hence it affects positively to loyalty intentions.

### **Loyalty vs Customer Satisfaction:**

Loyalty intentions, which is considered to be the constant liking for the particular brand amongst many other brands, It comes in the perceptions of the consmers. Once consumers gets the ultimate satisfaction from the particular opted brand (Park, Robertson, & WU, 2004). Past studies have discovered and proved that there is the importance of consumers loyalty intentions in the persistent growth and steadiness of the organizations. (McMullan & Gilmore, 2008; Tsoukatos & Rand, 2006). Loyalty towards the brand definitely inculcates more profits, as the fully loyal customers gets the services on more frequent basis and this leads to more purchases and then it automatically endorse



company goodwill in a positive manner and also values company or organization in a positive way (Reicheld, & Earl, 1990). It is therefore, further elaborated that loyalty intentions has been directly affiliated with the satisfaction or dissatisfaction with the consumers. Moreover, it is wise to conclude that satisfaction of a customer is one of the strongest factor of the brand loyalty (Anderson & Sullivan, 1993; Lim, & Park, 2006; Zeithaml, Berry, & Parasuraman, 1996).

*H2: Customer Satisfaction effects positively to loyalty intentions*

### **Service Quality**

Prior studies summarizes that service quality constrain customer's perceived value. Service quality has been considered the most important features in the businesses these days and it enhances and companies profits and ensures the retention of the customers towards the particular business or brand. By giving smooth service quality, a brand or company could create a good competitive edge over its market and differentiate itself from many other organizations (Buttle, 1996). Therefore, according to Zeithaml & Parasuraman, (2003) the evaluation and detailed examination of service quality and more improved version of service quality has become very important. Although, there is still a matter if concerned that how to measure the importance if service quality in terms of there methods, instruments and dimensions (Brady & Cronin, 2001). Moreover, it is explained as a difference between the expected perceived quality and the service quality actually received (Ueltschy & Krampf, 2001). However, there are numerous ways to to measure the service quality, and no approach is tend to be superior than other. There are many studies related to the service quality and the results of its a way to create a competitive advantage for businesses and companies. (Ladhari, 2008; Suhartanto, 2011).

## **Service Quality V/S Customer Satisfaction**

Service quality is consistently considered as the exclusive build in the customer satisfaction point of view. Many authors have supported and keep it into consideration that Parasuraman & Leonard, (1988) conceptual explanation of the service quality constructs and explaining the actual dimensions what service quality may mean, and relatively what services come upon by the customers (Rust & Richard, 1994). Furthermore, there are a lot of prior studies that supports the minor difference between the domains of service quality and consumer satisfaction.

*H3: Service quality positively impacts Customer satisfaction*

## **Service Quality v/s Servicescape**

Servicescape tends to say that it puts in the perceptions of the consumers about the service quality however, the modeled or framework is quite ambiguous in this concern. Hightower & Baker, (2002) institute that forecast of service quality is servicescape, whereas the theoretical aspect of the particular thing is not discussed. There is an argument that the discrimination between constructs and the analysis of servicescape should lead the insights of the service quality is the key element witnessed by the customers. Furthermore, customers also try to exercise the servicescape to shape their discernment according to their personal service which again acts according to their primer expectations. Therefore, due to these reasons servicescape is been modeled as an antecedents to servicequality. Moreover, it is evident by many of the prior studies that service quality is multi dimensional structure. However, many other scholars have worked in this aspect and explains the service quality carries the functional and technical service quality scope (Brady & Cronin, 2001; Wall & Berry, 2007).

*H4: Service Quality impact positively to servicescape*

## **Service Quality v/s Loyalty Intentions**

This study has focused on the clear and definite connection between service quality and loyalty intentions. Zeithaml et al (1996) have proposed a broader dimensions of service quality and loyalty intentions. Moreover, the relationship between these two was also described by Boulding et al. (1993) and Cronin & Taylor, (1992) and they further emphasized on repatronage intentions. Moreover, in the prior studies it's been quite evident that the instinctive relationship between service quality and loyalty intentions is very rich and the results support the hypothesis that there is a positive and significant relationship between these two constructs. Furthermore, the information related to the service quality and in link with customer loyalty in relation provides the standards that many individual organizations try to secure the customer loyalty (Bloemer, Ruyter, & Wetzels, 1998).

*H5: Service Quality significantly effects on Loyalty Intentions.*

### **Research methodology**

#### **Method of Data Collection**

The study contains two different industries i.e. bank and restaurant. To get the data from respondents both, online and offline mediums were used. In online medium, the instrument was shared with the respondents of both industries through a link containing the purpose of study and the items. In offline medium, printed questionnaire were distributed among the customers of both the industries. For offline medium, the research has used multiple approaches to reach the respondents of both industries i.e. some of the respondents from both industries were the students of MBA executive programs of business schools of Karachi i.e. Iqra University, Muhammad Ali Jinnah University

Karachi, KASB Institute of Technology, PAF KIET. Then for bank consumers, personal

visits to branches located at Shahrah e Faisal, Karachi where most of the banks have their branches. For restaurant respondents, the questionnaires were distributed at Clifton, Defence and Sea View location where there are most local and international chains of restaurants are operating.

### **Sampling**

The adopted questionnaire was first submitted for the pre-testing technique in which around 80 questionnaires (40 each) were distributed to the banks and restaurants customers to check the reliability and validity of the instruments and variables that have been used in the model and in literature. After receiving the successful responses from these respondents the measurements been done by running the softwares and after getting the desired results the further sampling is been proceed.

After some changes sampling technique gets into the final phase in which 1425 questionnaires were distributed to the banks and 1425 distributed to the elite restaurants and been filled by both mediums Online and Offline. Out of which 637 were successfully returned from the banks, and among these successfully returned questionnaires 209 were finally excluded because they were incomplete and invalid. Similarly, 556 questionnaires were successfully returned from the respondents of the restaurants, and out of these 177 were excluded because these were again incomplete and invalid. Therefore, the final testing of the questionnaires were tested upon the sample size of questionnaires for the banks were 428 and 379 for the restaurant. Moreover, these two services are catered by the broad size of the population living, and this is done to get the desired and meaningful result from the reliable population survey.

## Instrument of Data Collection

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### **Constructs/Items**

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#### ***Seating Comfort***

There is plenty of knee room in the seats  
There is plenty of elbow room in the seats  
The seat arrangements provide plenty of space  
This facility provides comfortable seats

#### ***Cleanliness***

This facility maintains clean restrooms  
This facility maintains clean food service areas  
This facility maintains clean walkways and exits  
Overall, this facility is kept clean

#### ***Design***

I found the interior design visually appealing  
The interior design was attractive  
The color schemes were appropriate  
The architecture was attractive

#### ***Equipment***

The equipment was modern looking  
The electronic equipment was Excellent  
The equipment was of high quality

#### ***Service Quality***

The bank/restaurant provided good service  
The service was of a very high quality  
The service here suited my needs  
The service here is reliable  
The service station provided quality service

#### ***Customer Satisfaction***

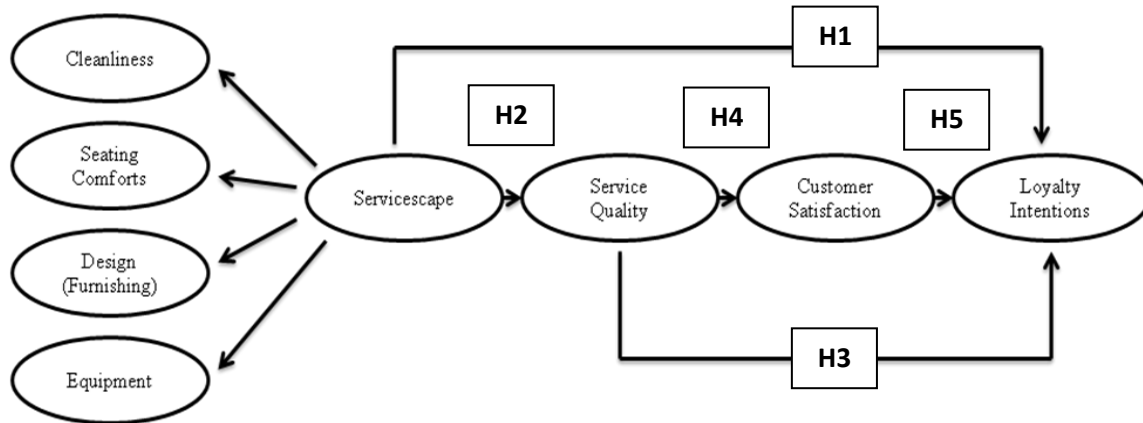
The services are exactly what I needed  
My choice to consume the services was a wise one  
I am satisfied with my decision to consume the services  
I am sure that it was the right thing to purchase the services of my bank/that restaurant  
Using the services of this bank/restaurant has been a good experience  
I have been delighted with the services I am evaluating

#### ***Loyalty Behavioral Intentions***

Say positive things about this service station to other people  
 I would recommend this service station to someone else  
 I would encourage friends and Family to go to this service station  
 I would consider this service station as my first choice in the future

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### 3.4 Figure 01: Proposed Research Model



#### Statistical Technique Applied

The study has used two way approach to test the data. At first stage the reliability and validity using confirmatory factor analysis technique (CFA) of the adopted instrument was checked via SPSS and AMOS for both the samples. After getting the correct thresholds, the study moved towards testing of hypotheses and used Structural Equation Modelings (SEM). In SEM, boothstrapping method was applied on both samples to get the direct and indirect effect. Using the same methods the research also research at the stage of hypotheses testing for both the samples.

### Results and analysis

#### Confirmatory factor analysis

*CFA for bank sample*

The following table 04 shows a detailed values of the instrument that are in relation with the given variables, that standardized factor loading gives the clear and

strong evidence that all the questions of the variables showing the values greater than 0.6 which is the minimum threshold to meet, and in this bank industry all the questions are highly acceptable and the values are greater than 0.6.

**Table 01: Confirmatory Factor Analysis Bank Results**

Construct/ Indicators	Standardized Factor Loading (CFA- AMOS)	Construct Reliability		Construct Validity		
		Cronbach's alpha	Composite Reliability (CR)	Convergent Validity Average Variance Extracted (AVE)	Discriminant Validity Maximum Shared Variance (MSV)	Average Shared Variance (ASV)
<b>Seating Comforts</b>		.936	.942	.801	0.2209	0.129483
SC1	.89					
SC2	.90					
SC3	.89					
SC4	.90					
<b>Cleanliness</b>		.871	.878	.643	.2304	.200217
C1	.80					
C2	.83					
C3	.86					
C4	.71					
<b>Design</b>		.836	.850	.587	0.2304	0.083683
D1	.72					
D2	.83					
D3	.73					
D4	.78					
<b>Equipment</b>		.836	.830	.553	0.0289	0.014183
E1	.79					
E2	.69					
E3	.86					
E4	.61					
<b>Service Quality</b>		0.900	.900	.694	0.2809	.136367
SQ1	.93					
SQ2	.78					
SQ3	.75					
SQ4	.86					
<b>Customer Satisfaction</b>		.889	.892	.675	0.2401	0.105683
CS1	.87					
CS2	.86					
CS3	.79					
CS4	.76					
<b>Loyalty Intentions</b>		0.914	.913	.680	0.2809	0.142683
L1	.99					
L2	.87					
L3	.81					
L4	.71					

<b>Reliability and Construct Validity Thresholds: [Suggested by Fornell and Larcker (1981)]</b>	$\alpha > 0.70$ (Nunnally, 1967)	CR > 0.70	i) AVE > 0.50 ii) CR > AVE	MSV < AVE	ASV < AVE
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The second phase of the results are a construct reliability in which cronbach's alpha and composite reliability are measured which is said to check the internal consistency of the instruments. As the threshold value of these both has to be greater than 0.70 suggested by Nunnally (1967) which shows the complete reliability of the instruments been constructed in synchronization with the specified questions. Therefore, the result grid shows almost every value greater than the threshold which is 0.70 and each instrument of the question is giving the maximum internal reliability as per the acceptability criteria. Furthermore, convergent reliability that is AVE which should be greater than 0.5 suggested by Fornell and Larcker (1981) thus in the bank industry the AVE values are according to the criteria which explains and all the values of Discriminant validity are less than AVE, therefore in case of banking sample, no issues of discriminant validity is found and hence it may be said that the research has fulfilled all the criterias of validity and reliability for banking sample.

*CFA for restaurant sample*

As discussed earlier the Confirmatory Factor Analysis of bank, it is said to be the statistical technique which ensures the reliability and validity of the instrument. The factor loadings of the constructs taken are above 0.6 which is good and as per thresholds as mentioned in the table 05.



**Table 02: Confirmatory Factor Analysis Resturant Results**

Construct/Indicators	Standardized Factor Loading (CFA-AMOS)	Construct Reliably		Construct Validity		
		Cronbach's alpha	Composit e Reliability (CR)	Convergent Validity	Discriminant Validity	
				Average Variance Extracted (AVE)	Maximum Shared Variance (MSV)	Average Shared Variance (ASV)
<b>Seating Comforts</b>		.933	.915	.729	0.1521	0.090783
SC1	.90					
SC2	.78					
SC3	.84					
SC4	.89					
<b>Cleanliness</b>		.884	.887	.664	0.1521	0.090217
C1	.76					
C2	.85					
C3	.90					
C4	.74					
<b>Design</b>		.871	.872	.632	0.1521	0.09645
D1	.85					
D2	.86					
D3	.71					
D4	.75					
<b>Equipment</b>		.910	.893	.679	0.0729	0.0338
E1	.89					
E2	.75					
E3	.91					
E4	.73					
<b>Service Quality</b>		.852	.873	.632	0.1521	0.0754
SQ1	.81					
SQ2	.80					
SQ3	.81					
SQ4	.76					
<b>Customer Satisfaction</b>		.929	.931	.771	0.1521	0.053867
CS1	.92					
CS2	.90					
CS3	.86					
CS4	.83					
<b>Loyalty Intentions</b>		.943	.944	.809	0.1089	0.046267
L1	.94					
L2	.95					
L3	.90					
L4	.80					
<b>Reliability and Construct Validity Thresholds:</b> [Suggested by Fornell and Larcker (1981)]		$\alpha > 0.70$ (Nunnaly,1967)	CR > 0.70	i) AVE > 0.50 ii) CR > AVE	MSV < AVE	ASV < AVE

The reliability of the resturant sample was also found satisfactory as per Nuannaly (1967). Furthermore, the AVE of the sample is also above 0.50 that means variance

explained by the constructs are more than the variance explained by the error. Furthermore, all the constructs' discriminant validity was found less than AVE that means all the questions are explaining their constructs and not other constructs.

### **Model fitness**

For the study two different model fitness were tested for two different samples. A greater model fit is required when SEM is used to test the model suggested by (Byrne,2010). The model taken for the study was a over identified model. The study has taken CMIN/DF, P value, GFI, AGFI, TLI, CFI and RMSEA as model fit indices suggested by (Hair, Black, Babin, Anderson, & Tatham, 2006). following are the results of the model fitness indices. Most of them were meeting the criteria of Hair et al., (2006) however, GFI and AGFI were less than 0.9. Some research scholars i.e, (Gefen et.al (2000) have given the leniency in taking GFI and AGFI values if they are greater than 0.8 which in our case are meeting their standards.

**Table 03: Model Fitness of the Model**

<b>Industry</b>	<b>CMIN/DF</b>	<b>P</b>	<b>GFI</b>	<b>AGFI</b>	<b>TLI</b>	<b>CFI</b>	<b>RMSEA</b>
<b>Bank Sample</b>	1.642	.000	0.841	0.8	0.936	0.945	0.057
<b>Restaurant Sample</b>	2.052	.000	0.841	0.8	0.927	0.938	0.066

### **Hypotheses testing**

#### *SEM for Bank Sample*

For the purpose of testing the hypotheses, the research has taken two models for both industries. In first model, servicescape was taken as independent variable, service quality and customer satisfaction as mediators and loyalty intentions as dependent variable whereas in second model, service quality was independent, customer satisfaction was mediator and loyalty intentions were taken as dependent variable. In first model, true

mediation was found as mentioned in table 07 and there was no indirect relationship found in the second model therefore it may be said that in second model no mediation effects were found. In direct relationship, servicescape was found insignificant with loyalty intentions as it was found significant indirectly and hence true mediation was found. In the second model, direct relationship between servicescape and service quality was found significant which was insignificant indirectly and hence no mediation was found in this model for banking sample. The direct relationship between customer satisfaction and loyalty intentions was found significant as mentioned in the table 07, both *p* value and *beta* values were appropriate statistically. It was important to mention here that the direct relationship between service quality and loyalty was not found significant, this may be because it was checked in relationship with other variables, Bagozzi, (1980) suggested not to ignore or omit important variables in the model to avoid misspecification in the model and Cronin & Taylor,(1992) suggested to take new variables such as customer value to increase the power of service quality.

**Table 04: Structural path for bank sample**

<b>Structural Path</b>	<b><math>\beta</math></b>	<b>P-value</b>	<b>Result</b>
<b>Direct Relationship</b>			
Servicescape → Loyalty Intentions	.15	.316	Failed to Reject
Servicescape → Service Quality	.62	.002	Reject H <sub>0</sub>
Service Quality → Loyalty Intentions	.43	.020	Reject H <sub>0</sub>
Service Quality → Customer Satisfaction	.15	.159	Failed to Reject
Customer Satisfaction → Loyalty Intentions	.28	.013	Reject H <sub>0</sub>
<b>Indirect Relationship</b>			
Servicescape → Service Quality → Customer Satisfaction → Loyalty Intentions	0.29	0.009	Reject H <sub>0</sub>
Service Quality → Customer Satisfaction → Loyalty Intentions	0.043	0.118	Failed to Reject

*SEM for Restaurant Sample*

**Table 05: Structural path for restaurant sample**

Structural Path	$\beta$	P-value	Result
<b>Direct Relationship</b>			
Servicescape → Loyalty Intentions	.084	.616	Failed to Reject
Servicescape → Service Quality	.625	.001	Reject H <sub>0</sub>
Service Quality → Loyalty Intentions	.291	.045	Reject H <sub>0</sub>
Service Quality → Customer Satisfaction	.122	.283	Failed to Reject
Customer Satisfaction → Loyalty Intentions	.125	.047	Reject H <sub>0</sub>
<b>Indirect Relationship</b>			
Servicescape → Service Quality → Customer Satisfaction → Loyalty Intentions	.191	.027	Reject H <sub>0</sub>
Service Quality → Customer Satisfaction → Loyalty Intentions	.015	.164	Failed to Reject

In the restaurant sample, the results were almost same as discussed in the context of table 07. There was no significant change was found in restaurant industry as compare to the banking industry despite some variations in *beta* and *p* values as mentioned in the table 08.

### Discussion & Conclusion

The research paper shows the study on servicescape in relation towards loyalty intentions and through true mediation it has been found that the relationship was made more strong to focus the decision between these two constructs been explained in the literature. Service quality and customer satisfaction are the mediators in the proposed model which is been tested to find out the significant relationship. This research was applied on leading restaurants and banks of Karachi location, and the respondents were chosen the ultimate users of the mentioned industry. The model that was proposed in this research was based on these two industries and hypotheses was drawn from the given model. Moreover, Servicescape and Loyalty intentions relationship was measured by running softwares and hence there we found an indirect effect which is tend to be significant, however, direct effect was significant. Therefore true mediation was found in the proposed model between two constructs i.e, Service quality and Customer satisfaction.

Furthermore, in second model it is tested and found that Service Quality, customer satisfaction and loyalty intentions have got a direct relationship and it significant.

### **Limitations & Recommendations**

There were few limitations found in conducting the reseach, one is related to the unanticipated results of the insignificant relationship between Servicescape and Loyalty Intentions. Furthermore, to probe the influence of the features of the service quality on consumer satisfaction and therefore it's effect on loyalty intentions. However, the constructs which have been used in this model were able to explain the variences of Servicescape, Service Quality, Customer Satisfaction and Loyalty Intentions. However, there is still room to find out the strong relationship between these two constructs by adding on SERVQUAL by Parasuraman & Leonard, (1988) model which highlights empathy, product knowledge, aesthetics and etc. Therefore, it is proposed that this model could be used for future researches in order to gain more strong and significant relationship of these consructs and could be enhanced by including more varaibles to get the new dimensions in servicescape.

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