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Linking Brand's Competitive Advantage and Customer Satisfaction in Private Chain Clinic Industry: The Mediating Role of Price

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Abstract

In Malaysia private sector development in healthcare has grown rapidly over the last two decades and this includes the increase acceptance in private chain clinic (PCC) industry. The rapid growth of healthcare private sector is due to increasing demands of rising proportion of the population with adequate health literacy and higher purchasing power. However, PCC should identify their brand's competitive advantage in order to stay competitive in the industry and differentiate itself from competitors as well as to satisfy their clients.

This study attempts to examine the impact of brand's competitive advantage towards customer satisfaction in PCC industry. This is non-experimental research, which describe relationships between variables. Three variables been identify in this study namely the independent variable is brand's competitive advantage (brand image and service quality), dependent variable is customer satisfaction while mediating variable is price.

A study will carried out at selected private chain clinic around Malaysia. A study will carry out at selected private chain clinic in Malaysia with cash patients as the sample size. The researchers will employ the primary data method in order to meet the objectives of the study. The instrument use in this study is the questionnaire. The findings will identify whether there is a significant relationship between brand's competitive advantages and price; the relationship between brand's competitive advantages and customer satisfaction; and the relationship between price and customer satisfaction. In addition, price also will analyze as a partial mediated in the relationship between brand's competitive advantage and customer satisfaction.

The findings is expect to contribute knowledge to government officials, academia as well as private sector stakeholders on health sector reform and sustainability particularly when considering customer satisfaction would normally translate into better revenue performance. This finding is vital for the government especially when they are planning to transform Malaysia health care system.

Keywords: Brand competitive advantage, Private chain clinic, Customer satisfaction.

1. Introduction

In Malaysia, under the national mission trusts to improve the standard and sustainability of quality of life, the government is planning to introduce 1Care for 1Malaysia scheme. It is a national insurance scheme in which every adult who earns an income has to contribute a certain amount towards the scheme. These contributions, together with the government's annual healthcare budget, will fund the healthcare of all Malaysians.

Under this scheme, every patient has an option to access public or private primary healthcare facility. Each patient is able to choose and register their preferred general practitioner or clinic. The doctor will act as the family doctor and being paid a flat rate per patient per year. The patient also can change the doctor or clinic of their choice. Together with this scheme, the healthcare provider should take initiative to create their brand's competitive advantages to become the choice of customers. In addition they also should monitor their customer satisfaction with their current product and services.

Most of people prefer to go to private clinic for medical consultation, treatment and medication (Sarlan, Ahmad, W. Ahmad and Dhanapal, 2009) particularly when they could afford the service. Normally, after being diagnosed by doctors at the private clinics, they will either treated or referred to any hospitals or specialist centers if they require further treatment. They choose private clinic for few reasons such as location, being panel patient for that clinic and other convenient factors such as fast services and long service hours.

Until July 2012, there are 6,589 private medical clinics registered with Ministry of Health Malaysia (Health Informatics Centre, 2012). Table 1.1 showed the number of registered private medical clinic in Malaysia from 2007 to 2011.

Table-1.1. Number of Registered Private Medical Clinic in Malaysia (2007-2011)

Year	2007	2008	2009	2010	2011
No	2,992	6,371	6,307	6,442	6,589

Under The Private Healthcare Facilities & Services Act 1998: Part V the registration of a private medical clinic; the private chain clinic can be defined as clinic that is physically, administratively or organizationally linked to each other. Besides that, clinic which is not physically linked but it is organizationally or administratively linked to a registered private medical clinic, or to a licensed healthcare facility or service also can be classified as private chain clinic. This act is referring that even though there are private chain clinic, it is still require a separate registration for practicing the private medical clinics.

2. Problem Statement

In general, organizations will normally develop their own brand to attract and retain customer by promoting value, image, prestige or lifestyle. The customers will repeat the positive experience with their preferred product rather than experimenting with untested competitive product. They will be more comfortable with their preferred organization and their loyalty normally translates into better profitability for the organization.

A satisfied customer usually will become the loyal customer for the organization that is able to differentiate their brand from competitors. The loyalty is not necessarily comes from lower fee charged. Therefore, after the implementation of 1Care for 1Malaysia scheme, it will become a challenge for the private chain clinic to be more prominent compares with others competitors if they do not have the brand's competitive advantage. In addition, the well established private chain clinics should also maintain and improve their brand in order to compete with new entrants and existing competitors. Thus this research will identified to what extend the brand's competitive advantages will give impact towards customer satisfaction in private chain clinic industry.

3. Literature Review

3.1. Brand Image

In the competitive market, branding is a priceless intangible asset for the organization. This is because branding plays an important role to enable the customers to have better visualize of product, knows the product offered and reduce customers' perceived risks in buying services (Wu, 2011; Kim et al., 2008). Brand image claimed as a priceless intangible asset because it is difficult to be imitated and really helpful to achieve the sustained superior performance. According to Yagci, Biswah and Dutta (2009) brand image is a composite of perceived quality and esteem dimensions. It means that a perception of positive brand image will be held in the customer's memory and reflecting the overall impression. In the private chain clinic industry, Kotler and Clarke (1987) suggest that clinic's brand image is the sum of beliefs, ideas and impressions that a patients holds toward the clinic itself. In other words, patients will form their own impression of brand image before and after getting the medical treatment experiences at the clinic.

According to (Bitner, 1990; Nguyen 2006; Akin and Demirel, 2011), corporate image has been identified as an important element in the overall evaluation of a firm and was argued to be what comes to the mind of a customer when they hear the name of a firm. Brand image covers characteristic such as physical environment of the organization, service level and merchandise quality (Baker, Grewel and Parasuraman, 1994). So that, it can be viewed as cues to the organization which are provide a tremendous amount of information to the customers. It was supported by Pampaloni (2006) where brand image can come from external perception of all human and physical resources of that organization.

Brand image of private chain clinic industry can takes its cues from the clinic name. The clinic's name is an information-rich cue to its image. Mention of the clinic's name thus evokes a vivid brand image in customers' minds. Percy (2008) describe that customers sometimes identified the words and symbols of the organization as to recognize their preferred organization. As a brand's equity increases with the strength of its brand name, so a brand image will be positively related to its clinic name. Therefore, as the strength of clinic name increases, so will the perceived image of the clinic and eventually improve the performance of the private chain clinics.

Brand name has been shown to be a critical cue for customer perceptions of product quality in a number of studies (Dawar and Parker, 1994; Akin and Demirel, 2011). This implies that customers were mostly like to do something that they already do and share their information about the new product with others so that they can feel more important. In other words, patient would prefer to select the clinics that have a good word of mouth or high reputation as their preferred clinic. Thus, private chain clinic providers should understand the role of merchandise and clinic's name because they carry an important competitive advantage to attract customer to visit and get treatment at their clinic. According to Solomon et al. (2006), customer satisfaction is determine after customers purchase that product and engage with their product purchase in producing the overall feelings and attitude.

Brand image is a commonly used extrinsic cue to infer and/or maintain quality perceptions and can represent an aggregate of information about a product (Richardson, Dick and Jain, 1994). A strong brand name helps to control or stabilize the quality perceptions of a branded product even when its price was discounted. In a more recent study, Dodds et al. (1991); Aydin and Zer (2005) also found empirical support for the positive effect of brand name on quality perceptions. It means that brand image and perceived service quality are major antecedents of customer loyalty where loyal customers will repurchase in more quantity and accept the higher prices when the product has a positive word of mouth.

Usually, the organization or its products/services that constantly hold a favourable image by the public would definitely gain a better position in the industry, will sustain their competitive advantage and gain more profit. This is supported by Hsieh, Pan and Setiono (2004), which claim that a successful brand image would enable the customers to differentiate the brand from its competitor, meet their brand satisfies and consequently increases the relationship to purchase that product. In the private chain clinic industry, patients always choose clinic that have a good reputation in term of effectiveness of medicine and courteous physician as their preferred clinic because they trust and have confidence with the service providers.

Besides that, the brand image can generate value in terms of helping the customers to process information, differentiating the brand, generating reasons to purchase, give positive feelings and

providing a basis for the relationship (Sondoh et al., 2007). Even though most of the findings show positive relationship between brand image and customer satisfaction for the different industry but it is cannot be generalized to other products or services categories. The private chain clinic industry has their own unique characteristics of images attributed when compared to the bank image, store image or higher education institutions images. For example, each private chain clinic would have clinic assistant that acts as a front-liner staff to serve the patients and physician that provides a medical treatment to the patients.

3.2. Service Quality

According to Zeithmal (1988), Bitner and Hubbert (1994) and Wu (2011), service quality is defined as customer's overall impression or assessment concerning the relative of the standard or advantages of the organization and its services. The level of service quality can be measured by comparing the customers' expectations with customers' perception on the actual service performance (Parasuraman et al., 1985). In other words, the customers' expectation is derived before their encounter with the services. Then, they develop perceptions during the process of service delivery and lastly compare their perceptions to their expectations in evaluating the outcome of the service encounter.

In the private chain clinics industry, services are delivered through human interaction. The interaction between customer and providers during the service encounter largely determine the level of service quality delivered to customers. Also, in many service organizations, it is the customer contact employees, and not the services themselves, who provide a source of differentiation and create competitive advantage (Burgers et al., 2000; Jou et al., 2007). The service quality also can be measured in the health care industry where it is the gaps between patients' expectations and perceptions (Woodside et al., 1989). According to Wu (2011) expectations are treated as what the patients think should be offered by the health care providers, and perceptions can be considered as the evaluation of patients regarding specific treatment services attributes to their expectations.

Referring to the characteristics of services, the quality of services is a more complex issue than the quality of goods, where the technical aspects of quality predominate. Moreover, the quality of the service provider cannot be separated from the service offered as easily as in the case of goods (Lewis, 1989). All these make the measurement of service quality becoming a challenging issue. This was supported by Kheng et al. (2010) described that organization should deliver a quality service to customers to keep success and survival in today's competitive service industry.

According to Anderson and Olsen (2008), service quality has a significant influence to attract and keep the right profitable customers. Service quality is viewed as a competitive advantages for the organization to differentiate itself from others competitor. It also can be considered as essential determinant for the service and manufacturing organization in term of long-term profitability. This is because a good service will encourage the existing and potential customers to have repurchase intention with the product or service offered.

According to Parasuraman et al. (1988), Jusoh et al. (2004), service quality was viewed in multi-dimensional for various service industries including private chain clinic industry. Following are the service quality dimensions that have been proposed by Parasuraman et al. and being modified by Ghobadian et al. (1994), Jusoh et al. (2004) in their research;

1. Reliability
2. Responsiveness
3. Customization
4. Credibility
5. Competitiveness
6. Access
7. Courtesy
8. Security
9. Communication
10. Tangibles
11. Understanding customers

Reliability in this context refers to services offered that is fault-free. It means the provider is able to deliver the appropriate services as promised on time, accurately and dependably. According to Ndubisi (2006), reliability is the most reliable indicator for service quality that can relate to customers past experience. Previous study by Nguyen and Leblanc (2001); and Bellini, Lunardi and Henrique (2005), also found that there is a positive relationship between reliability and customer loyalty. Next, responsiveness defined as the ability handle complaints from the customers constructively. All the complaints should be dealt effectively through an effective management of services. According to Jun and Cai, 2001; Diaz and Ruiz, 2002; Joseph et al., 2005; and Glaveli et al., 2006, responsiveness has a positive effect towards customer satisfaction.

Customization refers to ability and willingness of the service provider to adjust their services in order to meet the customer's needs and demands (Ghobadian et al., 1994; Jusoh et al., 2004). According to Ndubisi (2006), customer satisfaction can be achieved when organization offered flexible, personalized and adjustable services in order to meet the customer's needs. Another service quality dimension that appropriate in private chain clinic industry is credibility. Credibility occurred when the service was believed and trusted. For example, the patient trust and have confidence towards behaviour of service providers.

The service provider should have the necessary skill, knowledge and information for them to perform the service effectively. According to Dehghan, Zenouzi and Albadvi (2012), knowledge and courtesy of employees can inspiring trust among the customers. This dimension of service quality is classified as competence. In addition, access which is the ease of approachability and contact also example of quality dimension of services. It means the clinic are easily accessible and location of the clinic also convenient for the patients.

Another service quality dimension that used in the private chain clinic is courtesy. Courtesy is concern on the good attitude of the service providers likes politeness, respect and consideration towards patient's demands (Ghobadian et al., 1994). Whenever the service provider respect the privacy of patients it can considered as security. This is one of service quality dimensions that involve capabilities of service provider to avoid danger, risk and doubt during provides services to the patients.

According to Dehghan et al. (2012), tangibles refer to facilities or equipment that provides by the clinic to their patient that needs in a good condition. Besides that, the services providers also should communicate in a language that easily for patient to understand. This can avoid misinterpretation of the messages between patients and service providers. Next, understanding the customer as well described as an effort of the services provider to understand the customer's needs and demands. For example the service providers are sympathetic to patient's special requirement.

3.3. Customer Satisfaction

In traditional view, supply chain of products was defined as inside-out process that involving planning, sourcing, making and delivery of raw materials from supplier to customers (Misra, Khan & Singh 2010). It means that manufacturer create a product that will receive or being used by the customer. However it is quite different with value chain of services where it is involve a collaborative relationship from manufacturer that seeking a value from the end customer (McDonnell, 2010). In simple word it is a translation of outside-in demand process from the customer with beneficial activities of manufactures.

Customer satisfaction is a vital element in order to drives a successful business. However, in rapid environmental change it is not about meet customers' expectation anymore but the enterprise should exceed their expectations. Customer satisfaction can be defined as a business term, which is a measure of how products and services supplied by a company meet or surpass customer expectation. Harris (2003) divide customer into two (2) types that are internal and external. Internal customer is the people we work with throughout our organization while external customer is the customer we do business with outside organization. For example, clinic assistant, physician, ambulance's driver and pharmacist were internal customer since they work with that private chain clinic. Then, patients, patients' family, drug suppliers and insurance agents refer to external customer as they are outsiders people which carry out a transaction with the clinic.

Customer satisfaction can be defined in various ways and seen in a complex construct (Besterfield, 1994; Barsky, 1995; Kanji and Moura, 2002; Fecikova, 2004). Most of the researchers argued that customers might experience difference level of satisfactions between purchases tangible products and purchase the services. This might be happened due to distinct characteristics of services

likes intangibility, inconsistency, inseparability, inventory and interaction in order to meet the customer need (Berkowiz, 2006). Hence, customer satisfaction with services and with goods should be treated as separate and distinct because they may derive and influenced by different factors (Veloutsou et al., 2005).

In describing services in the healthcare industry, first of all that services are intangible where it cannot be touch, felt or heard before being encounter. For example, patients that might do cardiac surgery cannot see the surgery or examine it. Hence, it's becoming challenging for healthcare provider to show the tangible benefits from the intangible services. Second characteristic is inconsistency. Since health services are delivered by people we cannot avoid the change of services providing by individual. For example, two surgeons might perform the same clinical procedure but both of them might use different techniques for the same purposes.

Inseparability is the additional characteristic of services where it cannot be separated from the individual who is delivering services. In short service provider and customer are dependent to each other in contributing the best quality of services.

Inventory is fourth characteristics of services where it can be classified as inventory that is associated with the cost of product businesses. For example, an empty delivery room that is not being utilized still considered as inventory because it is still being paid and becomes liability to the service provider. Finally the last service characteristic is interaction with customers. Since services involve in the entire process hence healthcare provider should maintain the quality of interaction between the customers and also service provider.

Customer satisfaction can be defined as customer's reaction to the state of satisfaction and customer's judgement of satisfaction level (Kim, Park and Jeong, 2004). It means that, when customers purchase and evaluate the ongoing performance of the products and services, they will have a customer satisfaction. According to Deng et al. (2009), the ability of a service provider to create a high degree of satisfaction is crucial for product differentiation and developing relationship with customer. This is because customer satisfaction can makes the customers loyal to one of private chain clinic providers.

According to Tseng, Qin Hai and Su (1999), the competitive success of an organization ultimately depends on customer satisfaction. It means that, customer satisfaction is determined by their experience with the services providers. It was supported by Bateson (1995), where customers' service experience depends on how service interaction occurred. For example, when the patients get the medical treatment at the private chain clinic, they actually have purchase an experience created in the service operations of a services provider. This is the unique characteristics of service operations compared to manufacturing systems where it is involved the active participation from the customers

From the previous study, the conceptualization of perceived quality can be viewed as a separate construct and distinct from satisfaction (Bitner and Hubbert, 1994). According to Oliver (1980) satisfaction and dissatisfaction can be identified in terms of the disconfirmation of consumers' expectation. A positive disconfirmation leads to customer satisfaction and a negative disconfirmation leads to customer dissatisfaction. Peter and Olson (1994) disagree with that study where they said that the amount of dissatisfaction is dependent on the extent of disconfirmation and the consumer's level of involvement with the product and the problem solving process.

However, according to Levesque and McDougall (1996) satisfaction can be viewed in conceptualized concept where it is depends on overall customer attitude towards a service provider. Similarly, Andreassen and Lindestad (1998); Ahmed et al. (2010) claimed that customer satisfaction is the accumulated experience of a customer's purchase and consumption experiences. Hence customer satisfaction construct in this study will be measured through overall satisfaction toward the services provided by the selected private chain clinic.

According to Haniff et al. (2010), customer satisfaction is very vital as satisfied customer would add value to the brand and spread a positive word of mouth and help the organization to have a good reputation of brand image. In addition, a satisfied customer also would be able to make a long term profitable relationship with the brand. Previous study by Eshghi, Houghton and Topi (2007) found that satisfaction of the customers can help the brands of the product or organization to build long and profitable relationship with the customers. Normally the organization should invest some money, spend times and energy in order to create the customer satisfaction. It was supported by Anderson,

Fornell and Mazvancheryl (2004) where a profitable relationship in a long run for an organization is very costly because it involves process of generate satisfied and loyal customers.

Usually the services a brand offers and the price it charges also can determine the level of satisfaction among the customers. This finding have been explained by Gustafsson, Johnson and Roos (2005) where the organization can satisfy their customers by focuses on the improvement of service quality and charge an appropriate price which also can help the organization to retain their satisfied customers. The interaction between customer and employee also play an important role for service experience of customers (Tseng et al., 1999). It can give a significant impact on both customer satisfaction and organization performance. It was supported by Russell-Bennett, McColl-Kennedy and Cole (2007), where customer's involvement is important during customers invest their time to seek the product's information and consider the product's benefits. These actions would enhance the satisfaction level by influencing customer to repurchase, purchase of more products, gives positive word of mouth and willingness to pay more for the particular brand.

In general customer satisfaction will bring a lot of benefits to the organization. Customer satisfaction will leads to customer loyalty, profit increase, reduce customer turnover, reduce customer complaints and reduce cost marketing. Besides, the customer satisfaction is the mirror of the private chain clinic's reputation, in order to be a good service providers, a reputation plays an important roles. It is because a good reputation will attract a new customer at virtually no cost to the enterprise.

3.5. Price

Price refers to amount of money charged for a product or service, or the sum of the values that customer exchange for the benefits of having or using the product or service (Kotler and Armstrong, 2010). While Stanton, Michael and Bruce (1994) defined price as the amount of the money or goods needed to acquire some combination of another goods and its accompanying services. It means that, for each of products purchased and services acquired, it has their own selling price that has been determined by the supplier or seller.

Price and special promotions have been used to attract customers to the store and generate an increasing of customer traffic (Grewal, Kent and Krishnan, 1998). However providers cannot fully depend on these price promotions to attract customers on regular basis. A research done by Dehghan et al. (2012) described that pricing is one of effective factor in service quality dimensions. Their findings showed that reasonable price and cost of the services is the most important factors in terms of customer satisfaction.

A simple theory by Austin and Gravelle (2008) suggested that the more information about prices can decrease the prices of product and services but some theories predict that the more price information will increase average price. This might be happens because the marketing strategies can increase demand or brand identification. Usually some of the organization will use factor of price promotion to attract more customers. Moreover, instead of price discounting may generate traffic in the organization but such discounting may have negative effects on the brand's quality and internal reference prices. Price discounting may event give negative impact on overall organization's image.

According to Turel et al. (2007), customers' adoption decision of the service provider depends on the quality offered and the price of the service provided. It means, customers use price as an indicator of product quality because they believe that market prices are determined by the forces of competitive supply and demand. These forces would result in an ordering of competing products on a price scale such that there becomes a positive relationship between price and quality. Therefore, if consumers believe price and quality are positively related, it follows that they would use price as an indicator, or signal, of quality.

According to study by Hermann et al., (2007), it was concluded that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. It means that price fairness itself give a great impact on level of satisfaction. Price fairness can be defined as customers' assessments of whether a selling price of product is reasonable, acceptable or justifiable (Xia, Monroe and Cox, 2004; Kukar-Kinney, Xia and Monroe, 2007). When the organization changes the fair price, it will help to develop customer satisfaction and loyalty because customers are very sensitive to the price changed. A research done by Martin-Consuegra, Molina and Esteban (2007), showed that customer's decision to accept particular price has a direct direction on the level of satisfaction and loyalty.

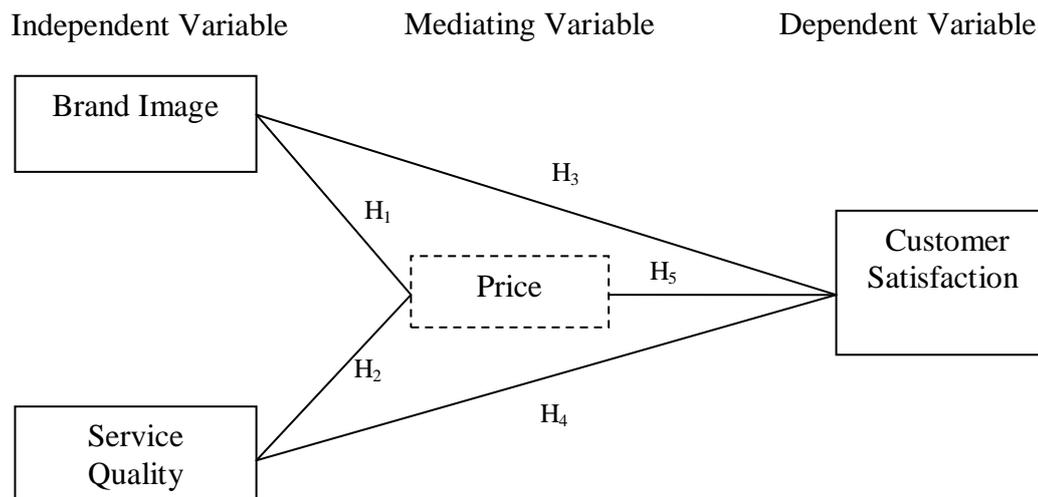
However with the implementation of 1Care for 1Malaysia system in future, they are planning to set up a standard price for the services provided by the private chain clinic. Its means that patient will pay a same amount of price for same medical procedure even doing at the different choice of the clinic. Research done by Chau and Kao (2009) explained that each of the elements in service quality will directly influence satisfaction among customers and how they value the services offered.

Nowadays, products and services are so easily replicable by others. So, they become major challenges for the organization to compete in the market place with their competitors. According to Sondoh (2009), price and product quality cannot be considering as product differentiators anymore. The only feature that would help customer to identify and differentiate the product is the brand whenever all other things being same. Hence, the organization should develop a brand strategy for their products and services in order to attract the customers to repurchase them.

4. Conceptual Framework

Based on the literature review, a conceptual framework had been developed to show the flow of the research. There are three variables namely independent, dependent and mediating variables. The independent variable is brand's competitive advantages (brand image and service quality) while the dependent variable is customer satisfaction. Between the brand's competitive advantages and customer satisfaction, there is a mediating variable of price.

Figure-1.1. Theoretical Framework



5. Methodology

The study population consists of the cash patients that getting the services at the selected private chain clinic of private in Malaysia. The questionnaire is distributed among them since this study intend to identify the trends that linking brand's competitive advantage with customer satisfaction. The convenience sampling method is employ to select the target respondent. The researcher approached the respondent once he or she walked out from the clinics.

The questionnaire is divided into three main section which are Section A, B and C. The first section; Section A, contained seven items focused on respondent's demographic and items to access their experience with regard to clinic visit. Section B contained two (2) dimensions of brand's competitive advantages namely brand image and service quality. Section B also contained items for dimension of price. Lastly, section C contained items asks about customer satisfaction based on the private chain clinic brand's competitive advantage.

Various preliminary analyses is carry out to confirm the reliability and validity of the data such as content validity, Cronbach's alpha test and exploratory factor analysis. The reliability of the scales, Cronbach's alpha was computed, should be higher that 0.70 to ensure the consistency. Correlation analysis were used for the main analysis which led to the decision on the formulated hypotheses. Then the regression analysis is run to test the hypotheses.

6. Conclusion

Currently, there were no similar studies that have been conducted in determining the customer satisfaction towards brand's competitive advantages in private chain clinics industry. Thus, the findings hopefully can contribute some knowledge to government officials, academia as well as private sector stakeholders on health sector reform and financial sustainability.

In addition, the well established private chain clinics should maintain and improve their brand's competitive advantages in term of brand image and service quality in order to increase level of customer satisfaction and keep competitive to compete with new entrants and other existing competitors.

Basically, 1Care for 1Malaysia plan was only a suggestion to improve current healthcare system and not yet be the blueprint of the Malaysia's new healthcare system. Hence this research hopefully will indirectly help the government to look the current system from different aspect especially for private chain clinic industry.

There were still a lot of issues that need to clarify by the government before 1Care for 1Malaysia plan being implemented. One of the issues was the level of customer satisfaction towards identified brand's competitive advantages of private chain clinics namely brand image and service quality.

Hopefully, the public and relevant stakeholders will be consulted before any final decision being made. It needs to make sure that everyone is satisfied with their investment towards healthcare system. Since the new system might include privatization of public clinic and hospitals, one national financing authority should need to be established to monitor the condition in future. In fact, 1Care system will involve massive public subsidies for private healthcare providers so it is supposedly will not burden up the people especially for unemployed or people that unable to purchase the health insurance.

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