EXAMINE THE RELATIONS BETWEEN PATIENT SATISFACTION, LOYALTY & TRUST

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Abstract   The healthcare service is a high credence service. Not only patient satisfaction but also patient (*emotional*) trust with healthcare service providers is regarded as important to the patients. Moreover, the ultimate aim of every patient is to have his/her disease cured or have their health improved or feel more comfortable after treatment. Any satisfying strategy from healthcare service providers without achieving these purposes is meaningless. These points differentiate the model in healthcare service from other services in general. Taking those differences into consideration, this paper is the extension of the customer loyalty model presented in [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)) into the healthcare service. It is to study the role of patient loyalty in the relationship between patient satisfaction and trust. It examines the factors affecting patient loyalty and patient trust. Finally, it offers a simplified framework for further analysis of the satisfaction, loyalty and trust of patients.

1 Introduction

There were many papers in the healthcare literature dealing with the issues about patient satisfaction and loyalty. They are about the measures of patient satisfaction, the analysis of the determining factors on patient satisfaction and so on. The concepts and methods applied in the papers of patient satisfaction and loyalty are derived from the literature of customer satisfaction. However, the adaption rarely pays enough attention to the differences between the healthcare service and other services. The healthcare service is a high credence service. Both the patient satisfaction and (*emotional*) trust with healthcare service providers are important to the customers of this service. Moreover, the ultimate aim of every patient is to have his/her disease cured or have their health be improved or feel more comfortable after the treatment. Any satisfying strategy from healthcare service providers without achieving these purposes is meaningless. These points differentiate the model in healthcare service from other services in general.

Taking those differences into consideration, this paper is the extension of the customer loyalty model presented in [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)) into the healthcare service. It is to study the role of patient loyalty in the relationship between patient satisfaction and trust. It also adds the medical staff satisfaction to the model. It examines the factors affecting patient loyalty and patient trust. Finally, it offers a simplified framework for further analysis of the satisfaction, loyalty and trust of patients.

2 Review of literature on the concepts of customer satisfaction, loyalty, and trust

Customer satisfaction is not customer loyalty. Customer satisfaction is a requirement to do business. It is defined as a measure of customer expectation being exceeded, met or not met. The expectation can be predictable. As a consequence, to get a high score of customer satisfaction, all you have to do is do what customers expect from you. Generally, high satisfaction means high retention, but the result is vulnerable as Frederick Reichheld found that "between 65 and 85 percent of customers who switched suppliers were satisfied or very satisfied prior to their departure". Therefore, the thought that if you satisfy your customers, you can get their loyalty which results in an increase in revenues is not completely correct.

The basis for sustained profitability and growth is not customer satisfaction but customer loyalty. The customer loyalty is an emotional relationship between customers and the company. It is much more difficult to get loyalty from customers than getting their satisfaction. In addition to satisfying the customers, the company must also exceed customers' expectations by being able to do things the customers do not expect. Customer loyalty is the proof of strong customer

relationship. It assures that the retention is high as well as stable. Other reasons that customer loyalty management has been considered more important than the task of customer satisfaction are as the followings:

i) Loyal customers will speak positively of the company product & service [2] (Bettencourt, 1997). Consequently, they will be become an extension of your sales force.

ii) They typically concentrate more spending with companies they trust.

iii) They are more tolerant when they feel a little dissatisfied.

iv) Loyal customers cost less to serve than other customers.

Given the above definitions of customer satisfaction and customer loyalty, how should we measure them?

Customer satisfaction metrics are a superset of customer perceptions regarding a company's 3P (people, products, and processes):

According to [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)) ,

CS = Perceived Value
  = Perceived Service Quality – Perceived Sacrifice.

Due to its method of measurement, satisfaction metrics are evaluated more by short-term functional factors. The results, therefore, cannot tell how many customers stay loyal to the company and for how long.

Loyalty is an emotional relationship between the customers and the company. Therefore, loyalty is measured by the customer relationship strength. The metrics can be defined as i) customers' commitment to increase their relationship with the company. For instance, the customers use the company's products and services for all their needs, or ii) customers are willing to spread positive word-of-mouth publicity about the company's product and services. It should be noticed that retention is not necessarily loyalty. As a result, metrics used to measure retention like RFM (recency of purchase, frequency of purchase, and monetary value of what is bought), or number of years as a customer may not represent customer loyalty.

The customer trust in the literature is defined in the following two meanings:

i) "as existing when one party has confidence in the exchange partner's reliability and integrity" [3] (Morgan and Hunt, 1994, p. 23). It means that trust is considered as a belief or expectation about a service provider's expertise or reliability [4] (Anderson and Weitz, 1990), [5] (Schurr and Ozanne, 1985).

ii) as the customers' expectations that the company "can be relied on to deliver on its promises" (Sirdeshmukh et al., 2002). Hence, trust is considered as a reliance on a service provider when the relationship between them involves vulnerability and uncertainty (Ganesan, 1994; Moorman et al., 1993).

Fishbein and Ajzen's (1975) theory of reasoned action suggests that trust is belief and it precedes other behavior like loyalty.

3 Concepts of patient satisfaction, loyalty, and trust in healthcare service

Not only patient satisfaction but also patient trust with healthcare service providers is regarded as important to the patients. Moreover, the ultimate aim of every patient is to have his/her disease cured or have their health improved or feel more comfortable after treatment. Any satisfying strategy from healthcare service providers without achieving these purposes is meaningless. These points differentiate the model in healthcare service from other services in general.

Given the above definitions about the customer satisfaction, loyalty and trust different, are they different from the ones in healthcare service?

They are not the same due to the following reasons:

i) The ultimate aim of every patient is to have his/her disease cured or have their health improved or feel more comfortable after treatment. Agreeing to receive medical treatment means that they are entrusting their life to the medical service provider. It makes the concept of patient trust different from the definitions of consumer trust introduced above. Intrinsically, the concept of trust in the literature is a belief or expectation about the service provider's reliability when there is information uncertainty. Therefore, it is a judgment and *precedes* loyalty. It is *functional trust.* Of course, this kind of belief exists in every patient when they feel dubious of

the healthcare service provider's expertise. But we believe that is *emotional trust* that is only formed after a long time of confirmation about the expertise of the healthcare service provider. This emotional trust is a *relationship* and *follows* patient loyalty. Hence, the patient trust is not the customer trust in other services.

ii) Licensing and professional restrictions on healthcare providers require them to focus on *needs* rather than *wants* of the patients, for instance, MRI might be wanted, but not needed. As a consequence, patient satisfaction is not customer satisfaction.

4 Model about the relations between Customer Satisfaction, Loyalty and Trust

[1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)) suggested a model of service quality (Relationship Profitability Model). The basic assumption is that "by improving the quality of the provider's service, customers' satisfaction is improved. A satisfied customer creates a strong relationship with the provider and this leads to relationship longevity (or customer retention – customer loyalty). Retention again generates steady revenues and by adding the revenues over time customer relationship profitability is improved." ([1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994))

This model examines the business links from the marketing perspectives. There are four following links:

(i) Service Quality and Customer Satisfaction: Customer satisfaction is affected by "perceived value" which is the result of comparing between "perceived service quality" and "perceived sacrifice" which is considered as the cost occurring when receiving the ""perceived service quality".

(ii) Customer Satisfaction and Relationship Strength: This strength is determined by the level of satisfaction, perceptions of quality, customer commitment to the relationship, and bonds between customers and the company. There are many kinds of bonds: legal bonds (contracts), technological bonds, economic bonds, knowledge bonds, social bonds, cultural or ethnic bonds, ideological bonds, psychological bonds, geographical bonds, time bonds, and planning bonds.

(iii) Relationship strength and Customer Loyalty: Customer loyalty is determined by three factors: relationship strength, perceived alternatives and critical episodes.

(iv) Customer loyalty and Customer relationship profitability.
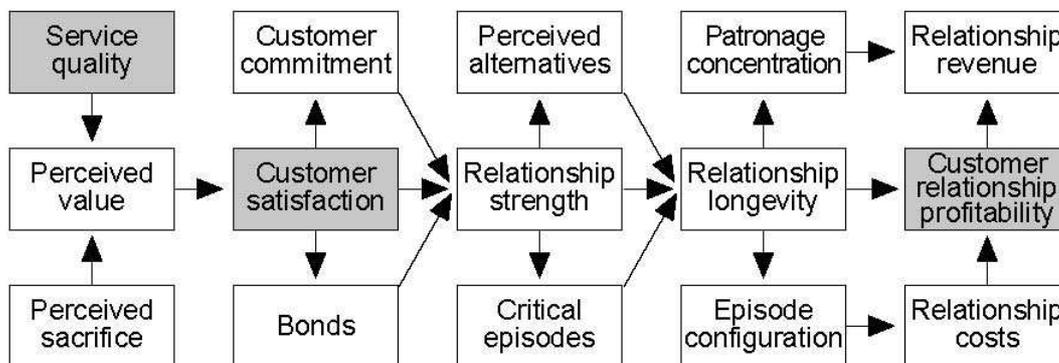
A Relationship Profitability Model
from [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994))

5 Suggestions for the model about the relations between Patient Satisfaction, Loyalty and Trust

The original model in [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)) offered the framework to examine relationship profitability for business where the ultimate aim of the company is to obtain the loyalty of customers to increase its relationship revenue. For improving the company's profitability, customer loyalty is more important than customer emotional trust. However, in healthcare service, obtaining patient trust is aim of every service provider. It not only assures the profitability of the provider, but also matches medical intrinsic requirements of social purposes.

Taking these differences between healthcare service and other services in the consideration, this paper

Relations between Patient Satisfaction, Loyalty, Trust

WOM: Word-Of-Mouth

offers a revised model. We will redefine only concepts if their interpretations change compared with the ones in the original paper, or they are new concept. Other concepts that are mentioned should be referred to the original paper.

Concept	Definition
Affecting Factors	These are factors affecting Healthcare Service Quality and Perceived Sacrifice
WOM (Word of Mouth)	There exists an information gap between patients and the healthcare service provider. It is the medical knowledge and probability of treat outcomes. Patients tend to depend on many sources of information and their experience to evaluate the service quality and estimate their perceived sacrifice. One of the most popular information sources that patients will exploit in evaluating Healthcare Service Quality and Perceived Sacrifice is Word-of-Mouth.
Healthcare Service Quality	Healthcare quality can be categorized in three ways [6] (Donabedian, 1986) : i) Technical aspects - how well clinicians diagnose and treat problems. ii) Interpersonal component - provider responsiveness, friendliness and attentiveness. iii) Amenities - health care facility appeal and comfort
Perceived Sacrifice	Perceived Sacrifice can be categorized in two ways: i) Individual Perceived Sacrifice: it is the sacrifice (for instance: cost, time, pain) that the patient has to pay or suffer when he receives the service. Ii) Community Perceived Sacrifice: it is the burden of people surrounding the patient. They are patient's family, the company that the patient is working for. Depending on the patient's family burden on nursing, or the workplace understanding, the patient may change the way of his treatment (for instance, outpatient or inpatient, long treatment or short treatment). These factors will affect his perceived sacrifice.
Patient Commitment	Patient commitment is their forward-looking action and attitude towards the service. For instance, it may be the cooperation of patients during treatment, or the payment of medical fee is made on time.
Bonds	Exit barriers that tie the patient to the service provider and maintain the relationship. They are health insurance policy, switching cost, patient information, geographical, time.
Critical Episodes	As in [1] (Kay Storbacka, Tore Strandvik, and Christian Gronroos (1994)), it is defined as "episodes that are of critical importance for the continuation of the relationship". One of them is medical mistakes.
Patient Information	The information which is not only patient's illness condition. It also includes, for example, the patient's character, his construction of the family, his life environment.
Treatment	The longer and stronger relationship between patients and the healthcare service provider is, the more information of patients will be accumulated. This information helps the treatment to be more effective.
Spiritual Support	Patient trust with the medical staff and the service positively supports them in the treatment process.

Staff satisfaction	The satisfaction of the medical staff working in the medical spot is important. This factor affects all steps in the model: Perceived value, Patient satisfaction, Patient commitment, Bonds, Relationship Strength, Critical Episodes, Relationship Longevity, and Patient Trust.

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