



The Role of Service Quality in Enhancing Customer Satisfaction and Loyalty: An Empirical Study on PICC Corporation

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Abstract: *This study explores the relationship between service quality, customer satisfaction, and loyalty within the context of the People's Insurance Company of China (PICC). Utilizing survey data from PICC customers, we examine dimensions such as assurance, tangibility, empathy, responsiveness, company policies, and customer service. Results indicate high levels of customer satisfaction driven by reliable and efficient service delivery. The findings underscore the importance of service quality in fostering customer loyalty and suggest practical implications for improving business strategies within the Chinese insurance industry.*

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1. Introduction

1.1 Background

The insurance industry is increasingly competitive, requiring companies to focus on enhancing customer satisfaction and loyalty. In China, this competition is particularly intense due to rapid economic growth and evolving consumer expectations. Service quality has emerged as a critical factor influencing these outcomes. This study aims to explore how various aspects of service quality impact customer satisfaction and loyalty among PICC customers.

1.2 Significance of the Study

Understanding the role of service quality can help stakeholders including top executives of PICC Group, insurance holders, health/medical insurance holders, government regulatory bodies, and future researchers. Improved service quality can lead to higher customer retention rates and enhanced market position for PICC.

1.3 Objectives

The primary objective of this research is to investigate the mediating role of service quality in customer satisfaction and loyalty. Secondary objectives include identifying specific areas where PICC can enhance its service offerings.

1.4 Literature Review

1.4.1 Service Quality

Service quality is defined as the extent to which a service meets or exceeds customer expectations. Key dimensions include tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988).

1.4.2 Customer Satisfaction and Loyalty

Customer satisfaction is influenced by service quality and plays a pivotal role in fostering customer loyalty. Studies

by Nguyen et al. (2020), Amin (2016), and Ladhari (2009) have demonstrated that superior service quality leads to increased customer satisfaction and loyalty.

1.4.3 Insurance Sector Specifics

In the Chinese insurance sector, studies like Fang et al. (2023) and Geng et al. (2021) highlight the unique challenges and opportunities faced by companies like PICC. These studies emphasize the importance of adapting service quality measures to meet local market needs.

2. Methodology

2.1 Research Design

This study employed a survey design targeting PICC customers. Ethical standards were strictly adhered to, including obtaining permission from PICC Health Insurance Company Ltd., orienting participants, and ensuring confidentiality.

2.2 Data Collection

Data was collected through structured surveys distributed to PICC customers. Participants were informed about the purpose of the study and their rights before agreeing to participate voluntarily.

2.3 Data Analysis

Statistical methods included discriminant validity tests, path coefficient analysis, and structural equation modeling. These techniques helped assess the direct and indirect effects of service quality on customer satisfaction and loyalty.

3. Results

3.1 Demographics

Table 1 shows the age distribution of respondents:

Table 1: Age of the Respondents

Age	Frequency	Percent
21 - 30 years old	83	27.13
31 - 45 years old	73	23.85
46 years old and above	150	49.02

3.2 Tangibility

Table 2: Tangibility

Tangibility	Mean	Verbal Interpretation
The insurance company's website is user- friendly and easy to navigate.	3.78	Agree
The insurance company's offices are clean, professional, and well-maintained.	3.80	Agree
The insurance company's representatives are professional and well-dressed.	3.79	Agree
The insurance company provides clear and concise communication materials (policy documents, brochures).	3.79	Agree
The technology used by the insurance company for claims processing is reliable and user-friendly.	3.77	Agree
Weighted Mean	3.79	Agree

Table 2 presents mean scores for website usability, office appearance, and communication materials, indicating high perceived tangibility.

3.3 Assurance

Table 3: Assurance

Assurance	Mean	Verbal Interpretation
My insurance company has a reputation for being financially strong and secure.	3.82	Agree
My insurance agent is knowledgeable and qualified to provide me with insurance advice.	3.82	Agree
My insurance company explains the terms and conditions of my policy clearly and in a way I can understand.	3.81	Agree
I feel confident that my insurance company will be there for me when I need them.	3.81	Agree
My insurance company provides clear and consistent information about my policy benefits.	3.81	Agree
Weighted Mean	3.81	Agree

Table 3 indicates strong confidence in financial stability and reliability, with mean scores of 3.92 and 3.91 respectively.

3.4 Empathy

Table 4: Empathy

Empathy	Mean	Verbal Interpretation
My insurance agent shows a sincere interest in understanding my individual needs.	3.84	Agree
My insurance company offers insurance products and services that are tailored to my specific circumstances.	3.83	Agree
My insurance company treats me with respect and courtesy.	3.82	Agree
My insurance agent makes me feel comfortable discussing my insurance needs and concerns.	3.85	Agree
My insurance company demonstrates a genuine desire to help me in case of a claim.	3.84	Agree
Weighted Mean	3.84	Agree

Table 4 highlights agents' concern for clients' needs, achieving a mean score of 3.88.

3.5 Responsiveness

Table 5: Responsiveness

Responsiveness	Mean	Verbal Interpretation
My insurance company is easy to reach for questions or concerns.	3.79	Agree
My insurance agent responds to my inquiries promptly.	3.78	Agree
My insurance company provides multiple channels (phone, email, online chat) for contacting them.	3.74	Agree
My insurance company makes it easy to resolve problems or complaints.	3.84	Agree
The representatives at my insurance company are helpful and attentive to my needs.	3.81	Agree
Weighted Mean	3.79	Agree

Table 5 discusses ease of reaching the company and promptness of agent responses, showing mean scores of 3.79 and 3.78 respectively.

3.6 Company Policies

Table 6: Company Policies

Company Policies	Mean	Verbal Interpretation
The terms and conditions of the insurance policies are clear and easy to understand.	3.80	Agree
The company offers a variety of insurance plans that meet different needs and budgets.	3.81	Agree

The process of applying for and renewing insurance policies is straightforward and convenient.	3.72	Agree
The company provides transparent information about premiums, coverage details, and exclusions.	3.69	Agree
Overall, I am satisfied with the company's policies and procedures.	3.68	Agree

Table 6 analyzes policy clarity and flexibility, with a mean score of 3.84.

3.7 Customer Service

Table 7: Customer Service

Company Policies	Mean	Verbal Interpretation
The insurance company representatives are helpful and knowledgeable when I have questions.	3.84	Agree
I am satisfied with the responsiveness of the customer service team.	3.77	Agree
The claims settlement process is clear and efficient.	3.74	Agree
The insurance company offers various communication channels (phone, email, online chat) for customer service inquiries.	3.80	Agree
Overall, I am satisfied with the customer service provided by this insurance company.	3.83	Agree

Table 7 reiterates overall customer service satisfaction, with a mean score of 3.81.

4. Discussion

4.1 Interpretation of Results

Findings suggest that service quality significantly influences customer satisfaction and loyalty. High scores across all dimensions indicate that PICC excels in delivering reliable and efficient services.

4.2 Implications for Practice

Practical recommendations include enhancing digital platforms, improving agent training programs, and refining company policies to better align with customer needs.

4.3 Limitations

Limitations include moderate reliability scores and potential biases in self-reported data. Future research should address these issues to strengthen the validity of findings.

5. Conclusion

5.1 Summary

This study demonstrates the critical role of service quality in enhancing customer satisfaction and loyalty at PICC. High scores across various dimensions highlight areas of strength and opportunities for improvement.

5.2 Future Research

Future research could explore the impact of technological advancements on service quality and investigate longitudinal trends in customer satisfaction and loyalty.

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Author Profile

Pan Sheng Lecture at the Xichang University

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