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Costumer Perceptions and Behaviour: Relationships Between Service Satisfaction, Quality and Loyalty with Reference to Banking Sector

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Abstract-

The motive of this paper is to evaluate the customer satisfaction in the banking sector, based on customer perception regarding service quality. This is an empirical study using mainly primary data collected through a well-structured questionnaire. The method of the study for validity and reliability testing of questionnaire is done by using SPSS program. The questionnaire has been personally administered on a sample size of 202 bank customers. There are few studies dealing with the assessment of service quality in banking sector, hence this paper will makes a useful contribution. The findings based on two independent variables (service quality, and loyalty) shows that all these variables influence dependent variable (consumers satisfaction) in banking sector. There is a positive impact and significant relationship between the customer satisfaction service quality and customer loyalty.

Keywords- Customer Satisfaction, Service Quality, customer Loyalty

Introduction-

Customer perception is, how customers view a specific product, brand, service, or company. Customer perception helps in impacting brand image, Positive customer experience provides a competitive advantage, determines customer loyalty, Influences buying decisions, Affects profitability. Factors that influence customer perception are Product quality, price, customer services, Brand images and reputation and Marketing strategies.

On the other hand, Consumer behavior is the decision made by the consumer regarding what to buy, when to buy it, and from where to buy it. consumer buying behavior is vital for marketers, which will help marketers to understand which of their campaigns are more effective, and absorb higher share in market, increase return on investment.

The present researchpaper contributes to individual or institutions and parties desirous of obtaining knowledge for bank selectioncriteria.

Objectives of the study-The present research aims to achieve the following objectives;

1. To study the customer perception for bank selection criteria.

2.To determine the main factors influencing the level of customer satisfaction in relation with service quality.

3. To assess the level of customer loyalty of the customers for selection of banks.

Hypothesis

1. There is positive relationship between Service Quality and customer satisfaction in the Banking sector.
2. There is positive relationship between customer loyalty and customer satisfaction in the Banking sector

Sample Selection-

Data was obtained for this study from a simple random sample of bank customer without limited to specific city or specific branch. The researcher managed to find 202 people to become respondents. Respondents for questionnaire were randomly selected from customers who visited the sampling locations during the chose time intervals, in order to eliminate the sampling frame errors and ensure the representation of the population under the study in the sample units. Researcher use convenience sampling as sampling method. Researcher use this method in order to determine the sample involve in this research. Through this convenience sampling, each customer who makes transaction with banks has an equal opportunity to be selected as respondents. Researcher had chosen this method to avoid an imbalance in the selection.

Variables- In this study the researcher will examine how the independent variables affect the dependent variable. Hence the dependent variable is customer satisfaction, and the independent variables are Service Quality, and customer loyalty.

Customer Satisfaction- Customer satisfaction in this study is a dependent variable, customer satisfaction is the key performance indicator of products and services offered by the company to meet the expectations of its customers.A lot of studies have dealt with satisfaction of customers or consumers with products or services. Marketing researchers in general agree that satisfaction is response to consumption related experiences (Anderson et al.,1994). Customer satisfaction is one of the important outcomes to marketing activity (Spreng et al., 1996). In today's highly competitive banking industry, customer satisfaction is considered as the essence of success (Siddiqi, 2011).

Service Quality-Service quality is determined by the differences between customer's expectations of services provider's performance and their evaluation of the services they received (Parasuraman et al.,1988).Service quality can be defined as the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received (Asubonteng et al., 1996). Gefan (2000) defined Service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

Customer Loyalty-Loyalty is the byproduct of a customer's positive experience with you and works to create trust.Customer loyalty describes an ongoing emotional relationship between company and its customer, manifesting itself by how willing a customer is to engage with and repeatedly purchase from company   versus its competitors. It is more expensive to recruit new customer than to keep existing customer (Rosenberg and Czepiel 1983). Customer loyalty is considered an important key to organizational success and profit (Oliver, 1997). Consequently, a great deal of research attention has focused on the identification of effective methods of enhancing loyalty (Lach, 2000)

Findings- SPSS is used to analyze the existing data collected using some of the statistics analyses related to the main aim of the study- such as descriptive statistics, normality, correlation analysis in order to answer the research objective as well as the hypothesis laid down.

1.1 Descriptive Statistics-descriptive statistics, the total sample size (n) is 202 respondents. Customer satisfaction has mean of 3.94 and standard deviation of .25(M= 3.94, SD = .44). The lowest value was 3.50 and the highest 5.00. Customer loyalty shows mean of 3.47 and standard deviation of .24 (M=3.47, SD =. 24). The lowest value was 3.00, and the highest 4.20. Service quality has mean of 3.87 and standard deviation of .47(M=3.87, SD=.47) the lowest value was 3.00 and the highest 5.00.

Variables	N	Minimum	Maximum	Mean	Standard eviation
Customer Satisfaction	202	3.50	5.00	3.9469	.25097
Customer Loyalty	202	3.00	4.20	3.4716	.24830
Services Quality	202	3.00	5.00	3.8725	.47180

Table no.1.1Descriptive Statistics

1.2 Correlation Analysis-

The relationship between dependent variable (customer satisfaction) and independent variable (customer loyalty) is positive, strong, and linear relationship with a significant statistical correlation(r = .515, p < 0.01), while the relationship between customer satisfaction and service quality is positive weak and nonlinear, with a significant statistical correlation(r = .256, p < 0.01).

	Variable	Customer Satisfaction	Customer Loyalty	Services Quality
Pearson Correlation	Customer Satisfaction	1.000	.515	.256
	Customer Loyalty	.515	1.000	-.67
	Services Quality	.256	-.67	1.000

Table no.**Correlation Analysis**

Conclusion-The first hypothesis shows that there is positive relationship between service quality and customer satisfaction in the banking sector so this hypothesis is accepted. The positive relationship indicates that the higher service quality provided by banks, results in higher customer satisfaction. Similarly, there is a significant and positive relationship between customer loyalty and customer satisfaction., hence secondhypothesis is accepted.

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