

CUSTOMER SATISFACTION AND CUSTOMER LOYALTY TOWARDS ELECTRONIC TRANSACTIONS

Dr. C. Ramesh Kumar, B.E(Mech), MBA., PhD,

Assistant Professor,
Department of Business Administration
Annamalai University, Chidambaram, Tamil Nadu, India.

ABSTRACT

The main objective of this study is to find the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector. All the service-providing organisations focus on enhancing their diverse customer base having different age groups and other different demographical patterns that arise after the fulfilment of needs and wants of customers to maximise their ultimate profitability. The sample data is collected from customers of the bank. The collected information has been analysed by SPSS by applying the chi-square and ANOVA. The result was a positive association between most of the demographical characteristics of customer satisfaction and loyalty.

Keywords: customer satisfaction, loyalty, banking etc.

Introduction:

The association between customer satisfaction and customer loyalty is one of the essential relationships of marketing theory and practice. The electronic transactions systems are new, along with advanced technologies in financial academies bringing enhanced banking experience. A customer is a person having a habit of dealing in the regular banking business. The bank should make use of firm–customer relationships to extract information. Customer loyalty has a positive impact on monetary execution of the associations and in making loyal clients. Trust is an essential factor in affecting relationship commitment and customer loyalty.

The demographic factors of customer also have some impact on customer satisfaction and loyalty. Demographics reveal the customer profile that may have some effect on the bank. Customer awareness and customer loyalty define their usage of the product frequently used and service of the technology.

The study is quantitative through survey method based on the questionnaire. The study will imply data collection from a bank customer. The survey is based on the questionnaire to judge customer loyalty and satisfaction. Further ANOVA and chi-square method will be used for the analysis of the data to estimate the relationship between demographics, customer loyalty and satisfaction.

Objectives of the Study:

The aim of the study may examine what impacts on the loyalty of the bank customer due to customer satisfaction and different customer demographics.

- Relationship of customer demographics factors and loyalty of customers in the banking sector.
- Relationship of customer satisfaction and loyalty of customer in the banking sector.

Research Questions

- To what extent customer demographics have an impact on customer satisfaction?
- To what extent customer satisfaction has an impact on customer's loyalty?

Literature Review:

Accounting course defines "Customer satisfaction indicates the fulfilment that customers derive from doing business with a firm. In other words, it's how happy the customers are with their transaction and overall experience with the company".

Satisfaction is a post-choice evaluative judgment of a specific transaction. It emanates from the customer's perception of the value received during transacting or relationship where amount equates to perceived service quality relative to price and customer acquisition costs.

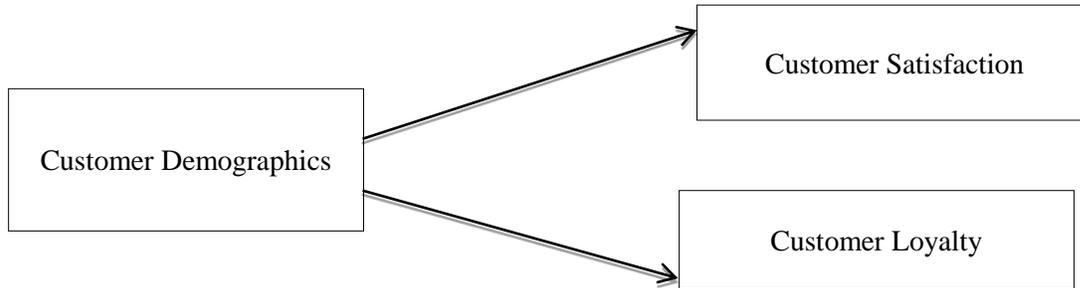
Customer loyalty defined as it gives you a high return on the time, effort and money you invest in providing excellent customer service. Loyal customers buy more, more regularly, and the cost of selling to them is low. And they will frequently recommend your business to others.

Understanding your customers, providing excellent service, handling complaints well and staying in touch all help improve customer loyalty. To enhance organisational productivity and profitability, all the service providing businesses are focusing now a day on the satisfaction of all level of the customer that lead to customer loyalty because a satisfied and gratified customer is the free adviser of business, whether it is large or small.

Customer satisfaction in the banking industry is driven by key performance dimensions of the service provider. Banking service provides financial service that accepts deposits and channels those deposit into lending activities, either directly or through capital markets. Banks have to be efficient in dealing with individual customers, traders and companies. It is also necessary for banks to strive hard to retain the existing customers in the face attracting new customers.it is a perfect chance for those companies having satisfied customers to convert them into loyal ones over some time.

Theoretical Framework:

The theoretical model of this research is as under in which customer demographics on customer satisfaction and loyalty. Customer satisfaction and loyalty are operationalised as further elements such as tangibility, reliability, assurance, security, customer service etc.



Hypotheses of the study:

- H1:** Significant association between Age and Product frequency
- H2:** Significant association between Gender and attributes of the bank.
- H3:** Significant association between Educational Qualification and Familiarity in computer usage
- H4:** Significant association between Age and service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality)
- H5:** Significant association between Gender and service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality)

Data Analysis and Discussions:

Table 1: Age and service quality dimensions

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Tangibility	Between Groups	1.877	4	.469	.109	.979
	Within Groups	490.946	114	4.307		
	Total	492.824	118			
Reliability	Between Groups	2.303	4	.576	.133	.970
	Within Groups	493.663	114	4.330		
	Total	495.966	118			
Responsiveness	Between Groups	22.720	4	5.680	1.171	.327
	Within Groups	552.742	114	4.849		
	Total	575.462	118			
Assurance	Between Groups	20.848	4	5.212	1.073	.373
	Within Groups	553.589	114	4.856		
	Total	574.437	118			
Efficiency	Between Groups	30.246	4	7.562	2.052	.092
	Within Groups	420.040	114	3.685		
	Total	450.286	118			
Security	Between Groups	6.708	4	1.677	.377	.825
	Within Groups	507.611	114	4.453		
	Total	514.319	118			
Convenience	Between Groups	11.648	4	2.912	.749	.560
	Within Groups	442.924	114	3.885		
	Total	454.571	118			

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Customer Service	Between Groups	15.235	4	3.809	.782	.539
	Within Groups	555.403	114	4.872		
	Total	570.639	118			
Quality	Between Groups	149.612	4	37.403	1.617	.175
	Within Groups	2637.026	114	23.132		
	Total	2786.639	118			

Table 1 defines the age through educational qualification tangibility, Reliability, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality and this has been divided on total between two variable, i.e. between groups and within groups and it is the method of one way ANOVA that represents the degree of significance is dependent on every some variable. In this table, the efficiency of the p-value is low in comparing to another variable.

Table 2: Association with Gender and service quality dimensions

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Tangibility	Between Groups	12.758	1	12.758	3.109	.080
	Within Groups	480.065	117	4.103		
	Total	492.824	118			
Reliability	Between Groups	.164	1	.164	.039	.844
	Within Groups	495.802	117	4.238		
	Total	495.966	118			
Responsiveness	Between Groups	7.089	1	7.089	1.459	.229
	Within Groups	568.373	117	4.858		
	Total	575.462	118			
Assurance	Between Groups	.004	1	.004	.001	.976
	Within Groups	574.433	117	4.910		
	Total	574.437	118			
Efficiency	Between Groups	12.524	1	12.524	3.347	.070
	Within Groups	437.761	117	3.742		
	Total	450.286	118			
Security	Between Groups	.017	1	.017	.004	.950
	Within Groups	514.302	117	4.396		
	Total	514.319	118			
Convenience	Between Groups	.000	1	.000	.000	1.000
	Within Groups	454.571	117	3.885		
	Total	454.571	118			
Customer Service	Between Groups	4.802	1	4.802	.993	.321
	Within Groups	565.837	117	4.836		
	Total	570.639	118			
Quality	Between Groups	20.377	1	20.377	.862	.355
	Within Groups	2766.261	117	23.643		
	Total	2786.639	118			

Table 2 defines the gender through educational qualification tangibility, Reliability, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality and this has been divided on total between two variable, i.e., between groups and within groups and it is the method of one way ANOVA that represents the degree of significance is dependent on every some variable. In this table, the tangibility of p-value is low compared to another variable

Table 3: Association with Educational qualification and service quality dimensions

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Tangibility	Between Groups	6.632	3	2.211	.523	.667
	Within Groups	486.191	115	4.228		
	Total	492.824	118			
Reliability	Between Groups	13.829	3	4.610	1.100	.352
	Within Groups	482.137	115	4.192		
	Total	495.966	118			
Responsiveness	Between Groups	11.620	3	3.873	.790	.502
	Within Groups	563.842	115	4.903		
	Total	575.462	118			
Assurance	Between Groups	3.748	3	1.249	.252	.860
	Within Groups	570.689	115	4.963		
	Total	574.437	118			
Efficiency	Between Groups	6.212	3	2.071	.536	.658
	Within Groups	444.074	115	3.862		
	Total	450.286	118			
Security	Between Groups	3.782	3	1.261	.284	.837
	Within Groups	510.537	115	4.439		
	Total	514.319	118			
Convenience	Between Groups	8.171	3	2.724	.702	.553
	Within Groups	446.400	115	3.882		
	Total	454.571	118			
Customer Service	Between Groups	9.144	3	3.048	.624	.601
	Within Groups	561.494	115	4.883		
	Total	570.639	118			
Quality	Between Groups	55.550	3	18.517	.780	.508
	Within Groups	2731.088	115	23.749		
	Total	2786.639	118			

Table 3 defines the expectation of customer through educational qualification tangibility, Reliability, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality. Service quality has been divided on total between two variable, i.e., between groups and within groups and it is the method of one way ANOVA that represents the degree of significance is dependent on every variable .the higher significance value is on tangibility.

Findings and Recommendations:

Chi-square test and ANOVA has analysed collected data. Out of 119 respondents. The age of the product frequency has been mostly used by the age of 21 -25. The gender on attributes of the bank has been primarily used by the female. The familiarity of computer usage on education has been used mostly by undergraduate student considered as high level, and low level is considered as a 10th and 12th pass. Age on Tangibility, Reliability, Responsiveness, Assurance, Efficiency, Security, Convenience, Customer Service, Quality – ANOVA is high on reliability, customer service and quantity. Gender on Tangibility, Reliability, Responsiveness, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality – ANOVA is high on women based on tangibility, reliability, assurance, responsiveness, security, customer service, quality and equal on convenience. Educational Qualification on Tangibility, Reliability, Responsiveness, Assurance, Efficiency, Security, Convenience, Customer Service, and Quality – ANOVA is low on tangibility, efficiency, security, convenience and quality.

As the study was conducted with a sample of 119 customers, from the bank, there is a broad scope of future research with a large sample to analysis on satisfaction and loyalty of bank customer on demographics. Data can be collected from other provinces also, and analysis can be applied like correlation, regression etc.

Conclusion:

The prime focus of the study was to find the impact of customer satisfaction and loyalty of the demographics of a bank customer. Loyalty can be created when the pleasure will be more productive, and to develop loyalty is customer satisfaction. Satisfaction is achieved after fulfilment of customer need and want. Demographical characteristics have also impact on commitment therefor satisfaction can be attained without loyalty, but loyalty can never be attained without customer satisfaction.

Finally, these results conclude that customer marketing satisfaction and different demographics are crucial elements for building loyalty among customers of service providing the banking industry.

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