An Analysis of the Demographic Aspects on customer's Loyalty in banking sectors.- A Study of Surat City

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Abstract:-

The retail bank gives rise to the need for a study to measure the levels of satisfaction of its customers. The recessionary trends being felt at present will also have a significant impact on the satisfaction levels as well as on factors of satisfaction. The main concern of the study is to provide information that would help the management of the bank to evaluate and redesign its environment quality, interaction quality, outcome quality and relationship quality and also guide to us that how much those qualities are related with customer loyalty in today's competitive environment. Furthermore this study is based on the assumption that qualities of the bank depend on the degree of customer satisfaction and customer loyalty.

Key Words:-customer loyalty, Banking sector

Introduction:-

When the activity involves providing intangible goods like services then this is part of the tertiary sector. Financial services, management consultancy, telephony and etc.These are good example of services sector.

And In Financial services there are banking, Insurance etc., Services have a major role played in Tertiary sector. In 1973 GDP Contribution of Tertiary sector was 35% and in 2003 it increased to 55%.It means this sector played major role in Indian economic. In Tertiary sector Banking Industries grown day by day in Indian economy.

Today, a customer's loss is a customer gain for a competition [Golrou, 2007]. With so many competitors, a company needs to spend as much energy on retaining customers as they do on obtaining them. Business that understands associate and invests accordingly will need to invest less in conciliating dissatisfied customers and less in winning new ones to grow. Business that does not know how to handle such circumstances will find rivals with better retention machines rapidly overtaking them. Understanding how and why the chum occasion comes about will be critical. Thus, the subject of customer loyalty and service quality dimensions is receiving much needed attention in many industries. [Hasan, 1996].

Financial liberalization has led to intense competitive pressure and all kind of banks dealing in retail banking are consequently directing their strategies towards increasing service quality level which fosters customer satisfaction and loyalty through improved service quality. Banks dealing in retail banking are pursuing this strategy in part, because of the difficulty in differentiating based on the service offering. Customer perceive very little difference in the banking products offered by private banks dealing in services as any news offering is quickly matched by competitors.

The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, competition and more demanding customer and changing climate has presented unpredicted challenges. Now a days a question arises whether the customers are satisfied or not and which elements of the retail banking have lead to the satisfaction or dissatisfaction to customers. The knowledge of current levels of satisfaction and in particular the primary factors of satisfaction are beneficial to customers in the banking industries. This research focus on the present level of satisfaction and also tries to explore the factors that lead to customer satisfaction in retail banking in surat city. Data from 282 survey respondents was collected from different retail banks in the city of Surat.

Definition of Customer Loyalty:-

Research in to customer loyalty has focused primarily on product related or brand loyalty, where as loyalty to service organization has remained underexposed. [Gramler and Brown, 1996] With regard to service loyalty perceived service quality is often viewed as a key antecedent [Dick A.S and Basu K 1994].However there are number of reasons why findings in the fields of product loyalty cannot be generalized to service loyalty [Keaveney S.M 1995 ; Gremler D.D and Brown S.W 1996]. In fact service loyalty is more dependent on the development of interpersonal relationship as opposed to loyalty with tangible product [Machintosh and Lockshin 1998], for person to person interaction form an essential element in the marketing of services [Crosby et al., 1990; czepiel 1990]. Nevertheless, the influence of perceive risk is greater in the case of services, as customer loyalty may act as a barriers to customer switching behavior [Klemperer 1987]. Indeed, it has been demonstrated that loyalty is more relevant among service customers than among customer of tangible products.[snyder1986]

Objectives of the Study:-

The objective of this study is to find the effect of service quality dimensions with customer loyalty in bankcing Industry in Surat city. The research objectives is shown below:

1. To identify the effect of demographic characteristics on customer loyalty.

Scope of the Research:

This research attempts to measure the loyalty of the customer using the service of the Nationalized bank, Private bank and Co-operative bank of Surat city. Target respondents are those customers of the banks of Surat city.

Data Collection Methods:

The study covers both the primary and secondary data. The survey was carried out during the month of January 2013.

1 Primary Data:

Primary data was collected for the help of research from customers visiting banks using a structured questionnaire as an instrument of research. Research also meet realistic situation of banks in now a days by personal visit and data collection.

2 Secondary Data:

Researcher also collected secondary information from published literature such as reference books, national and international journals, magazines, newspapers, web portals and other published sources has been utilized to collect relevant and useful secondary data.

Hypothesis of the Study:

The below mentioned hypothesis will be analyzed to examine the dependent of customer loyalty on demographic characteristics.

Hypothesis -1

H_o: There is not a significant difference in Male and Female about agreement of Customer Loyalty.

H_1:   There is a significant difference in Male and Female about agreement of Customer Loyalty.

Hypothesis -2

H_o: There is not a significant difference in Married and Unmarried respondent about agreement of Customer Loyalty.

H_1:   There is a significant difference in Married and Unmarried respondent about agreement of Customer Loyalty

Hypothesis -3

H_o: The agreement of customer loyalty is not depend on different demographic characteristics.

H_1:   The agreement of customer loyalty is depend on different demographic characteristics.

Data Analysis:

The statistical package for Social Science (SPSS) was used to do the analysis. After collecting the data, the research was analyzed in understandable form with the help of appropriate technique and methods (computer statistical program).

For the hypothesis test, dependence of customer loyalty on demographic characteristic; T-

test is used for test customer loyalty is dependent on gender and choice of banks, which the significant is less than 0.05.

The table of Demographic characteristics data analysis:

Characteristics	Number	Percentage
Gender		
Male	197	69.9
Female	85	30.1
Age		
Less than 30	78	27.65
31-40	100	35.46
41-50	86	30.50
More than 50	18	6.40
Marital Status		
Married	233	82.60
Unmarried	49	17.40
Widow/Widower	-	-
Education		
Below & HSC	117	41.50
Graduate	52	18.40
Post Graduate	75	26.60
Diploma	15	5.30
Others	23	8.20
Employment Status		
Employee	130	46.10
Government Emp.,	15	5.30
Businessman	55	19.50
Professional	25	8.90
Student	11	3.90
Other	46	16.30
Monthly Income		
5000 and below	29	10.30
5001-10000	43	15.20
10001-15000	54	19.10
15001-20000	38	13.50
20001-25000	49	17.40
Above 25000	69	24.50
Choice of Bank		
Nationalized bank	140	49.60
Private bank	66	23.40
Co-Operative bank	43	15.20
Multiple Bank	33	11.70
Type of Bank A/c		
Saving A/c	230	81.6
Current A/c	27	9.6
Fix Deposit	2	0.70
Saving A/c and Current A/c	5	1.8
Saving A/c and Fix Deposit	13	4.6
Current A/c and Fix Deposit	1	0.40
All types of Account	4	1.40

The Analysis of T-Test for Marital Status and Gender are Depending on Different Variables.

1. T-test of Male and Female about Customer will say Positive thing about the Bank

	Mean	SD	t- Value	Significance	M.D
Male	2.05	0.819	0.617	0.537	0.063
Female	1.99	0.681			

Table 4. 1 T-test of Male and Female about Customer will say Positive thing about the Bank

On the basis of above table, we can say that there is not a significant difference in opinion by male and female respondent about the positive thinking about the bank. Because the value of t-test is found to be 0.617 and its significance level is 0.537. The significance value is found to be greater than 0.05(0.537>0.05). Therefore we do not reject the null Hypothesis that there is not a significance difference in male and female about positive thinking about bank.

2. T-test of Male and Female about Customer will recommend the Service of the Bank to others.

	Mean	SD	t- Value	Significance	M.D
Male	2.16	0.969	0.942	0.347	0.110
Female	2.05	0.722			

Table 4. 2 T-test of Male and Female about Customer will recommend the Service of the Bank to others

According to the above table, we can say that there is not a significant difference in opinion by male and female respondent about the customer will recommend the service of the bank to other. Because the value of t-test is found to be 0.942 and its significance level is 0.347. The significance value is found to be greater than 0.05(0.347>0.05). Therefore we do not reject the null Hypothesis that there is not a significance difference in male and female about customer will recommend the service of the bank to others.

3. T-test of Male and Female about Customer Consider the Bank's Service as his first choice.

	Mean	SD	t- Value	Significance	M.D
Male	2.11	0.889	0.218	0.827	0.024
Female	2.08	0.775			

Table 4. 3 T-test of Male and Female about Customer Consider the Bank's Service as his first choice

On the basis of above table, we can say that there is not a significance difference in opinion by male and female respondent about the customer consider the Bank's service as first choice. Because the value of t-test is found to be 0.218 and its significance level is 0.827. The significance value is found to be greater than 0.05(0.827>0.05). So we do not reject the null hypothesis that there is not a significance difference in male and female about customer consider the bank's service as his first choice.

4. T-test of Male and Female about Customer will do more business with the Bank in

next few years.

	Mean	SD	t- Value	Significance	M.D
Male	2.18	0.849	-1.298	0.195	-0.147
Female	2.33	0.918			

Table 4. 4 -test of Male and Female about Customer will do more business with the Bank in next few years

According to the above table we can say that there is not significance difference in opinion by male and female respondent about customer will do more business with the bank in next few years. Because the value of t-test is found to be -1.298 and its significance level is 0.195. The significance value is found to be greater than 0.05(0.195>0.05). So we do not reject the null hypothesis that there is not a significance difference in male and female about customer will do more business with the bank in next few years.

5. T-test of Male and Female about Customer will not go to other banks that offer cheaper.

	Mean	SD	t- Value	Significance	M.D
Male	2.50	1.028	0.668	0.505	0.086
Female	2.41	0.890			

Table 4. 5 T-test of Male and Female about Customer will not go to other banks that offer cheaper

From the data of the above table we can say that there is not a significant difference in opinion by male and female respondent about customer will not go to other bank that their offer are cheaper. Because the value of t-test is found 0.668 and its significance level is 0.505. The significance value is found to be greater than 0.05(0.505>0.05). So, we do not reject the null hypothesis that there is not a significance difference in male and female about customer will not go to other bank that their offer are cheaper.

6. T-test of Male and Female about Customer has no reaction to the bank who charges less for their service.

	Mean	SD	t- Value	Significance	M.D
Male	2.58	1.005	1.422	0.156	0.179
Female	2.40	0.876			

Table 4. 6 T-test of Male and Female about Customer has no reaction to the bank who charges less for their service

From the statistic of the above table we can say that there is not a significance difference in opinion by male and female respondent about customer has no reaction to the bank whose charges less for their service. Because the value of t-test is found 1.422 and its significance level is 0.156. The significance value is found to be greater than 0.05(0.156>0.05). So we do not reject the null hypotheses that there is not a significance difference in male and female about customer has no reaction to the bank whose charges less for their service.

7. T-test of male and Female about Customer is not sensitive to the price of service.

	Mean	SD	t- Value	Significance	M.D
Male	2.54	1.145	-0.606	0.545	-0.085
Female	2.62	0.938			

Table 4. 7 T-test of male and Female about Customer is not sensitive to the price of service

From the statistic of the above table we can say that there is not a significance difference in opinion by male and female respondent about customer is not sensitive to the price of service.Because the value of t-test is found -0.606 and its significance level is 0.545. The significance value is greater than 0.05(0.545>0.05). So we do not reject the null hypothesis.

8. T-test of Male and Female about Customer would not criticize even if he is not taken care by bank's Employee.

	Mean	SD	t- Value	Significance	M.D
Male	2.58	1.106	-0.287	0.775	-0.040
Female	2.62	0.976			

Table 4. 8 -test of Male and Female about Customer would not criticize even if he is not taken care by bank's Employee

From the statistic of the above table we can say that there is not a significance difference in opinion by male and female respondent about customer would not criticize even if he is not taken care by bank's employee. Because the value of t-test is -0.287 and its significance level is 0.775. The significance value is greater than 0.05(0.775>0.05), so we do not reject the null hypothesis.

9. T-test of Male and Female about Customer will not make any complain about bank's employee.

	Mean	SD	t- Value	Significance	M.D
Male	2.59	1.128	-1.196	0.233	-0.171
Female	2.76	1.031			

Table 4. 9 T-test of Male and Female about Customer will not make any complain about bank's employee

On the basis of above table we can say that there is not a significance difference in opinion by male and female respondent about customer will not make any complain about bank's employee. Because the value of t-test is -1.196 and its significance level is 0.233. The significance value is found to be greater than 0.05(0.233>0.05). So we do not reject the null hypothesis.

10. T-test of Married and Unmarried about Customer will say Positive thing about the Bank

	Mean	SD	t- Value	Significance	M.D
Male	1.97	0.776	-2.740	0.007	-0.332
Female	2.31	0.742			

Table 4. 10 T-test of Married and Unmarried about Customer will say Positive thing about the Bank

On the basis of above table we can say that there is a significance difference in opinion by married and unmarried respondent about customer will say positive thing about the bank.

Because the value of t-test is -2.740 and its significance level is 0.007. The significance value is found to be less than 0.05(0.007<0.05). So we reject the null hypothesis.

11-T-test of Married and Unmarried about Customer will recommend the Service of the Bank to others.

	Mean	SD	t- Value	Significance	M.D
Male	2.08	0.894	-1.734	0.084	-0.245
Female	2.33	0.922			

Table 4. 11 T-test of Married and Unmarried about Customer will recommend the Service of the Bank to others

From the statistic of the above table we can say that there is not a significance difference in opinion by married and unmarried respondent about customer will recommend the service of the bank to others. Because the value of t-test is to be found -1.734 and significance value is found to be greater than 0.05(0.084>0.05). So we do not reject the null hypothesis.

12. T-test of Married and Unmarried about Customer Consider the Bank's Service as his first choice.

	Mean	SD	t- Value	Significance	M.D
Male	2.06	0.849	-1.685	0.093	-0.226
Female	2.29	0.866			

Table 4. 12 T-test of Married and Unmarried about Customer Consider the Bank's Service as his first choice

On the basis of above table we can say that there is a significance difference in opinion by married and unmarried respondent about customer consider the Bank's service as his first choice. Because the value of t-test is to be found -1.685 and significance level is 0.093. The significance value is found to be greater than 0.05 (0.093>0.05). So we do not reject the null hypotheses.

13. T-test of Married and Unmarried about Customer will do more business with the Bank in next few years.

	Mean	SD	t- Value	Significance	M.D
Male	2.17	0.857	-2.527	0.012	-0.343
Female	2.51	0.893			

Table 4. 13 T-test of Married and Unmarried about Customer will do more business with the Bank in next few years

From the statistic of the above table we can say that there is significance difference in opinion by married and unmarried respondent about customer will do more business with the bank in next few years. Because the value of t-test is to be found -2.527 and significance level is 0.012. The significance value is found to be less than 0.05(0.012<0.05).So we reject the null hypotheses.

14. T-test of Married and Unmarried about Customer will not go to other banks that offer cheaper.

	Mean	SD	t- Value	Significance	M.D
Male	2.42	0.971	-1.739	0.083	-0.269
Female	2.69	1.045			

Table 4. 14 T-test of Married and Unmarried about Customer will not go to other banks that offer cheaper

On the basis of above table we can say that there is not a significance difference in opinion

by married and unmarried respondent about customer will not go to other bank whose offer are cheaper. Because the value of t-test is to be found -1.739 and significance level is 0.083. The Significance value is foundto be greater than 0.05(0.083>0.05). So we do not reject null hypotheses.

15-T-test of Married and Unmarried about Customer has no reaction to the bank who charges less for their service.

	Mean	SD	t- Value	Significance	M.D
Male	2.49	0.965	-1.344	0.180	-0.205
Female	2.69	0.983			

Table 4. 15 T-test of Married and Unmarried about Customer has no reaction to the bank who charges less for their service

From the statistic of the above table we can say that there is not significant difference in opinion by married and unmarried respondent about customer has no reaction to the bank who charges less for their service. Because the value of t-test is to be found -1.344 and significance level is 0.180. The significance value is found to be greater than 0.05(0.180>0.05). So we do not reject the null hypothesis.

16. T-test of married and Unmarried about Customer is not sensitive to the price of service.

	Mean	SD	t- Value	Significance	M.D
Male	2.48	1.091	-2.990	0.003	-0.503
Female	2.98	0.968			

Table 4. 16 T-test of married and Unmarried about Customer is not sensitive to the price of service

On the basis of above table we can say that there is significance difference in opinion by married and unmarried respondent about customer is not sensitive to the price of service. Because the value of t-test is to be found -2.990 and significance level is 0.003. The significance value is found to be less than 0.05(0.003<0.05). So we reject the null hypotheses.

17. T-test of married and Unmarried about Customer would not criticize even if he is not taken care by bank's Employee.

	Mean	SD	t- Value	Significance	M.D
Male	2.49	1.043	-3.738	0.000	-0.613
Female	3.10	1.046			

Table 4. 17 T-test of married and Unmarried about Customer would not criticize even if he is not taken care by bank's Employee

From the statistic of the above table we can say that there is significance difference in opinion by married and unmarried respondent about customer would not criticize even if he is not taken care by bank's employee. Because the value of t-test is to be found -3.738 and significance level 0.000. The significance value is found to be less than 0.05(0.00<0.05). So we reject the null hypothesis.

18. T-test of married and Unmarried about Customer will not make any complain about bank's employee.

	Mean	SD	t- Value	Significance	M.D
Male	2.59	1.096	-1.919	0.056	-0.330
Female	2.92	1.096			

Table 4. 18 T-test of married and Unmarried about Customer will not make any complain about bank's employee

From the statistic of the above table we can say that there is not a significance difference in opinion by married and unmarried respondent about customer will not make any complain about bank's employee. Because the value of t-test is to be found -1.919 and significance level is 0.056. The significance value is found to be greater than 0.05(0.056>0.05). So we do not reject the null hypotheses.

The Result of T- Test:-

1. There is not a significant difference in Male and Female about Positive thinking about the bank.

2. There is not a significant difference in Male and Female about Customer will recommend the service of the bank to other.

3. There is not a significant difference in Male and Female about Customer considers the bank' service as his first choice.

4. There is not a significant difference in Male and Female about Customer will do more business with the bank in next few years.

5. There is not a significant difference in Male and Female about Customer will not go to the other bank that their offer are cheaper.

6. There is not a significant difference in Male and Female about Customer has no reaction to the bank whose charges less for their services.

7. There is not a significant difference in Male and Female about Customer is not sensitive to the price of service.

8. There is not a significant difference in Male and Female about Customer would not criticize even if he is not taken care by bank's employee.

9. There is not a significant difference in Male and Female about Customer will not make any complain about bank's employee.

10. There is a significant difference in Married and Unmarried about Positive thinking about the bank.

11. There is not a significant difference in Married and Unmarried respondents about Customer will recommend the service of the bank to other.

12. There is a significant difference in Married and Unmarried respondent about Customer consider the bank' service as his first choice.

13. There is a significant difference in Married and Unmarried respondent about Customer will do more business with the bank in next few years.

14. There is not a significant difference in Married and Unmarried respondent about Customer will not go to the other bank that their offer are cheaper.

15. There is not a significant difference in Married and Unmarried respondent about Customer has no reaction to the bank whose charges less for their services.

16. There is a significant difference in Married and Unmarried respondent about Customer is not sensitive to the price of service.

17. There is a significant difference in Married and Unmarried respondent about Customer would not criticize even if he is not taken care by bank's employee.

18. There is not a significant difference in Married and Unmarried respondent about Customer will not make any complain about bank's employee.

On the basis of Objective different Conclusion are as below:

1. Customer Loyalty is affected by different demographic characteristics of respondents.

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