



Qualitative relationship on customer satisfaction in banking sector

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Abstract

Today firms are increasingly concerned with customers repeated service rendering. The importance of developing and maintaining enduring relationships with customers of service businesses is important. The relational benefits approach argues that categories of relationship oriented customer benefits exist, the fulfillment of which can predict the future development of existing relationships. Relationship building is one of the key aspects in maintaining a successful service business like banking. The relational benefits like social benefits, special treatment benefits and confidence benefits do influence customer satisfaction. Attention to customer opinion and understanding its belief not only leads to organizational performance but also causes the customer attachments to origination. There for the customers at is faction is the key to the achievement of the bank.

A key challenge for researchers is to identify and understand how managerially controlled antecedent variables influence customer satisfaction. Relational benefits, which have a focus on the benefits consumers receive apart from the core service, represent as an approach to understanding customer satisfaction. The results provide support for the model and indicate that the concepts of confidence benefits, special treatment benefits and social benefits serve to significantly contribute to customer satisfaction in banking services.

Keywords: customer satisfaction, relational benefits, quality relationship

Introduction

The concept has found its place in marketing theory and has become an integral part of standard textbooks on marketing (e.g., Kotler 1997) and consumer behavior (e.g., Sheth, Mittal, and Newman 1999). All in all, using the vocabulary of life cycle theory, the concept of relationship marketing is approaching its maturity stage (Berry 1995) [7]. A key goal of relationship marketing theory is the identification of key drivers that influence important outcomes for the firm and a better understanding of the causal relations between these drivers and outcomes. In the marketing literature, several different approaches have been used to identify these variables and to learn about their impact on customer satisfaction. However, a review of the existing work on the determinants of customer satisfaction reveals some promising conceptual models that might explain a significant amount of the success (or failure) of relationships between service providers and their customers. The relational benefits approach argues that categories of relationship-oriented customer benefits exist, the fulfillment of which can predict the future development of existing relationships. The purpose of this report is to integrate the research streams on relational benefits and customer satisfaction in the development of a comprehensive model. Specifically, we propose and test a model in which three relational benefits establish a relationship with customer satisfaction. In the next section, we review the literature, excerpt theoretical concepts dealing with the antecedents of relationship marketing outcomes. An empirical study of 150 service customers is then presented, against which the theoretical framework is tested with Correlation Testing.

Research theoretical framework

Although a multitude of constructs is discussed in the context of relationship marketing, the vast majority of the literature clearly focuses on only a few of them. Among the most common constructs are customer satisfaction, service quality, commitment, and trust. According to the disconfirmation paradigm, customer satisfaction is understood as the customer's emotional or feeling reaction to the perceived difference between performance appraisal and expectations (e.g., Oliver 1980; Rust, Zahorik, and Keiningham 1996; Yi 1990). Two popular multivariate approaches for understanding relationship marketing outcomes are the relational benefits approach and the relationship quality model.

The relational benefits approach is founded on the assumption that for a long-term relationship to exist, both the service provider and the customer must benefit from the relationship. Several different customer relationship motives have been identified, and their fulfillment is conceived as the basis for relationship continuity and stability (Hennig-Thurau, Gwinner, and Gremler 2000). The relational benefits approach assumes that both parties in a relationship must benefit for it to continue in the long run. For the customer, these benefits can be focused on either the core service or on the relationship itself (Hennig-Thurau, Gwinner, and Gremler 2000). The latter type of benefits are referred to as relational benefits (i.e., benefits customers likely receive as a result of having cultivated a long-term relationship with a service provider; Gutek *et al.* 1999; Gwinner, Gremler, and Bitner 1998; Reynolds and Beatty 1999a).

The existing literature on relational benefits is predominantly

of an exploratory kind. Building on the early work of Barnes (1994), Bendapudi and Berry (1997)^[2], and Berry (1995)^[7], Gwinner, Gremler, and Bitner (1998) developed, and empirically supported, a typology of three relational benefits. According to these researchers, relational benefits include confidence benefits, which refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter; social benefits, which pertain to the emotional part of the relationship and are characterized by individual recognition of customers by employees, the customer's own understanding with employees, and the creation of friendships between customers and employees; and special treatment benefits, which take the form of relational consumers receiving price breaks, faster service, or individualized additional services. These relational benefits are benefits that exist above and beyond the core service provided.

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Relationship quality

Relationship quality can be regarded as a metaconstruct composed of several key components reflecting the overall nature of relationships between companies and consumers. Although there is not a common consensus regarding the conceptualization of relationship quality, there has been considerable speculation as to the central constructs comprising this overarching relational construct (Hennig-Thurau 2000). Components or dimensions of relationship quality proposed in past research include cooperative norms (Baker, Simpson, and Siguaw 1999), opportunism (Dorsch, Swanson, and Kelley 1998), customer orientation (Dorsch, Swanson, and Kelley 1998; Palmer and Bejou 1994), seller expertise (Palmer and Bejou 1994), and conflict, willingness to invest, and expectation to continue (Kumar, Scheer, and Steenkamp 1995). However, there is general agreement that customer satisfaction with the service provider's performance,

trust in the service provider, and commitment to the relationship with the service firm are key components of relationship quality (Baker, Simpson, and Siguaw 1999; Crosby, Evans, and Cowles 1990; Dorsch, Swanson, and Kelley 1998; Garbarino and Johnson 1999; Palmer and Bejou 1994; Smith 1998). In relationship quality research, the three core variables of satisfaction, trust, and commitment are treated as interrelated rather than independent.

Societal Benefits

The first of the three relational benefits identified by Gwinner, Gremler, and Bitner (1998) we discuss is social benefits. Social benefits focus on the relationship itself rather than on the outcome (or result) of transactions. Researchers have suggested social benefits are positively related to the customer's commitment to the relationship (Goodwin 1997; Goodwin and Gremler 1996). Indeed, Berry (1995)^[7] contends that social bonds between customers and employees lead customers to have higher levels of commitment to the organization. As the interaction between customers and employees is central to the customer's quality perception in many services (Reynolds and Beatty 1999a), social benefits is something that is desired by the customer in addition to functional benefits

Distinctive Treatment Benefits

It is defined as a policy of providing extra benefits to certain customers over others so that the customer prefers to use the services or products provided by the organization again and again. An organization provides additional types of distinctive treatment benefits (e.g., economic savings or customized service) emotional and/or cognitive switching barriers are increased (Fornell 1992; Guiltinan 1989) and can result in increased loyalty and commitment on the part of the consumer (Selnes 1993). We would also expect special treatment benefits to have an influence on satisfaction. Paralleling the argument made by Reynolds and Beatty (1999a), a service firm's offer of special treatment may be perceived as part of the service performance itself, and correspondingly, the benefits received from such distinctive treatment would be expected to positively influence the customer's satisfaction with the service

Confidence Benefits

Gwinner, Gremler, and Bitner (1998) described confidence benefits as "feelings of reduced anxiety, trust, and confidence in the provider" (p. 104). This conceptualization of confidence benefits is quite similar to the trust dimension of relationship quality put forth by Hennig-Thurau and Klee (1997), in which trust is defined according to Moorman, Zaltman, and Deshpandé (1992) as "the willingness to rely on an exchange partner in whom one has confidence. Confidence Benefits are those benefits which the customer enjoys because of the trust and confidence in the service provider.

Methodology

Descriptive design has been used in this study. Through survey there is documentation of what is actually happening in the current market condition. Quantitative approach was used to analyze the data.

Correlation Coefficient

Table 1: Correlations

| | | Social-Ben | Spec-Treatment | Con-Ben | Cust-Sat |
|----------------|---------------------|------------|----------------|---------|----------|
| Social-ben | Pearson Correlation | 1 | .582** | .638** | .630** |
| | Sig. (2-tailed) | | .000 | .000 | .000 |
| | N | 150 | 150 | 150 | 150 |
| Spec-treatment | Pearson Correlation | .582** | 1 | .606** | .517** |
| | Sig. (2-tailed) | .000 | | .000 | .000 |
| | N | 150 | 150 | 150 | 150 |
| Con-ben | Pearson Correlation | .638** | .606** | 1 | .734** |
| | Sig. (2-tailed) | .000 | .000 | | .000 |
| | N | 150 | 150 | 150 | 150 |
| Cust-sat | Pearson Correlation | .630** | .517** | .734** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | |
| | N | 150 | 150 | 150 | 150 |

** . Correlation is significant at the 0.01 level (2-tailed).

Inference

There is a significant relation between relational benefits and customer satisfaction. The correlation of social benefits and customer satisfaction is $r = .630$. The value indicates a positive relationship between social benefits and customer satisfaction. The correlation of special treatment benefits and customer satisfaction is $r = .517$. The value indicates a positive relationship between special treatment benefits and customer satisfaction. The correlation of confidence benefits and customer satisfaction is $r = .734$. The value indicates a positive relationship between confidence benefits and customer satisfaction.

Conclusion

These results help us in proposing a model that strives for a better understanding of long-term relationship success between customers and service firms. The model extends relational benefits research by examining the relationship of these benefits to customer satisfaction. The results largely support the relationships proposed in the integrated model. Our findings suggest the constructs of confidence benefits, special treatment benefits, and social benefits of relationship quality (with trust being also a type of relational benefit) influence customer satisfaction, either directly or indirectly.

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