CHAPTER - II

REVIEW OF LITERATURE

2.0 INTRODUCTION

A review of literature helps the researcher to have a first hand knowledge about the research work done by others. A brief review of literature would be of immense help to the researcher in gaining insight into the selected problem. In order to have comprehensive understanding of the proposed study, the researcher has made an attempt to present a review available from various journals, research books and web portals.

2.1 CUSTOMER SATISFACTION, EXPECTATION AND PERCEPTION

Akula Rajagopal Rao (2002)\textsuperscript{1} found that 94.34 percent of the respondents fully satisfied with the services rendered by the Urban Cooperative Banks (UCBs) in Bangalore City.

Teli R.B (2004)\textsuperscript{2} study identified that the problems faced by the UCBs were dual control, untrained human capital, limited area of operation, lack of marketing view, limited resources, lack of support from the government, problem of recovery, low computerization, lack of transparency, incomplete corporate governance, lack of conceptual awareness etc.,

\textsuperscript{1} Akula Rajagopal Rao (2002), Socio-Economic Profile of Customers’ Service in Urban Cooperative Banks - A Study, Cooperative Perspective, Vol. 37, no.2, July – September, pp.60-68.

Reidenbach (1995) argued that customer value is a more viable element than customer satisfaction because it includes not only the usual benefits that most banks focus on but also a consideration of the price that the customer pays. Customer value is a dynamic that must be managed. Customer satisfaction is merely a response to the value proposition offered in specific products/markets.

A study that was conducted in (2004) by Liang and Wang, found that for banks, their long term customers are more beneficial than the short term. This means, if the customer who have their account with the bank for more than two or three years are more beneficial for the bank then those who have an account with the bank for just one or half year. That is why more established customers have relatively high account then the new or un-established customer.

A survey that was conducted by Jamal A, Naser K (2002) showed that most bank customers use the face to face interaction with tellers or other bank staff while in the transaction. Their survey found that about 87% customers used to visit cashier, 83% visit ATM, 3% uses e-mail banking. This survey suggested that if the banks want to have best competition with their rivals then they must have to keep their management staff highly trained and professional, because they have to attract and satisfy their customer with direct interaction.

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Sudin et al. (1994)\textsuperscript{6} conducted a study on Malaysian customers. They determined the main factors that customers considered very important while selecting the financial institution. They found that there are three most essential criteria in the bank selection for Muslims, these are:

- The provision of fast and efficient services.
- The speed of the transaction.
- The reputation and image of the bank.

Naveed Azeem Khattak\textsuperscript{1} and Kashif-Ur-Rehman (2010)\textsuperscript{7} conducted a study indicated that the customer’s awareness level towards Islamic banking products is good in some of the general products such as current accounts, time deposit account. But most of the customers are unaware of the different Islamic financial products such as Murabaha, Ijara. Regarding the Islamic banking selection criteria most of the customers have adopted Islamic banking due to the religious reasons, but there are some other factors that motivate the customers for the adoption of the Islamic banking system such as, bank efficiency in the transaction, their confidentiality to its customers, its working hours etc.,

Sureshchandar et. al. (2003)\textsuperscript{8} carried out a study of customer perceptions of service quality of banking sector in India. They however did not focus on Servqual instrument to determine the customer perceived quality but used core service, human element, nonhuman element, tangibles of service and social responsibility for their study.


Dutta Kirti (2009)⁹, this study made an attempt on the expectations and perceptions of the consumers across the three banking sectors in India. It further delineates the factors affecting the quality perception of the customers in the banking sector and tries to corroborate this perception with the financial performance of the Banks. The study presents the primary data of 263 respondents across the three banking sectors. To explore the customers' perception of service quality factor analysis is done and factors affecting the Indian customers are highlighted. A study of the financial performance of the banks is also done to see if the perception of service quality has a consequence on the banks bottom line. It was found that in the banking sector, it is the foreign banks which are perceived to be offering better quality of services followed by the private and then public banks. It was also found that these perceptions are reflected in the financial performance of the banks also. With the increasing competition amongst banks, the findings can act as a strategic tool to achieve competitive advantage and customer satisfaction. It is also an eye-opener for the banks to see the gap between customer expectation and perception regarding the quality of services rendered which should further act as a motivator to enhance reputation and gain customer loyalty. This will in turn give them the elusive competitive edge they are looking for.

Tsai Wen-Hsien, Hsu Wei, Lin Thomas W (2011)¹⁰ - The purpose of this study was to employ an analytic approach to analyze efficient managerial strategies for advancing new service development (NSD) by involving viewpoints of customer needs and expectations within a financial service context. This study uses a sample of potential banks' credit card applications, customers' preferences and satisfaction ratings, and new credit card service data with the applications of both analytic hierarchy process and to analyze

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customer satisfactions and preferences simultaneously. Then, it applies the importance-performance analysis technique to diagnose managerial strategies for reducing the customer gaps between customer perceptions and expectations. The study emphasizes the importance of analyzing customer preferences and reducing gaps between customer satisfactions of perceptions and expectations to ensure NSD success.

Luo, Xueming, Homburg, Christian, Wieseke (2010) \(^{11}\) - Although managers are interested in the financial value of customers and researchers have pointed out the importance of stock analysts who advise investors, no studies to date have explored the implications of customer satisfaction for analyst stock recommendations. Using a large-scale longitudinal data set, the authors find that positive changes in customer satisfaction not only improve analyst recommendations but also lower dispersion in those recommendations for the firm. These effects are stronger when product market competition is high and financial market uncertainty is large. In addition, analyst recommendations at least partially mediate the effects of changes in satisfaction on firm abnormal return, systematic risk, and idiosyncratic risk. Analyst recommendations represent a mechanism through which customer satisfaction affects firm value. Thus, if analysts pay attention to Main Street customer satisfaction, Wall Street investors should have good reason to listen and follow. Overall, this research reveals the impact of satisfaction on analyst-based outcomes and firm value metrics and calls attention to the construct of customer satisfaction as a key intangible asset for the investor community.

Homburg, Christian, Muller, Michael, Klarmann, Martin (2011)\textsuperscript{12}, In today's age of relational selling, a key challenge for salespeople is to determine the degree to which their customer-oriented behaviours drive sales performance. Therefore, this study analyzes whether a salesperson's customer orientation in sales encounters has an optimum level with regard to sales performance and customer attitudes. Using triadic data from a cross-industry survey of 56 sales managers, 195 sales representatives, and 538 customers, the authors provide strong empirical support for a curvilinear, inverted U-shaped effect of a salesperson's customer orientation on sales performance, whereas the effect of customer orientation on customer attitudes is continuously positive. Moreover, the findings reveal that the optimum level of customer orientation with regard to sales performance is higher for salespeople selling individualized products, in firms pursuing a premium price strategy, and in markets with a high degree of competitive intensity.

Ma Zhenfeng, Dub Laurette (2011)\textsuperscript{13}. Although marketing researchers have emphasized the interactive nature of service encounters, there has been scant research regarding how dyadic behaviours in a service encounter are interrelated. The authors recognize two distinct forms of dyadic interdependency: process interdependency, in which each party's enactment of behaviour influences the other's enactment of behaviour, and outcome interdependency, in which the impact of each party's behaviour on service outcome depends on the other party's behaviour. Using the interpersonal circumplex model and its related concept of complementarity, the authors examine both forms of dyadic interdependency by directly observing provider-client interpersonal behaviours in a natural frontline service setting over an extended period. The findings on process interdependency indicate


that dyadic behaviours elicit or inhibit each other largely in a complementary manner. The findings on outcome interdependency show that, in general, complementary interactions between the provider and client enhance the client's satisfaction, whereas anti-complementary interactions dampen the client's satisfaction.

**Pal Manabendra N, Choudhury Koushiki (2009)**  

The Indian banking industry is going through turbulent times. With the lowering of entry barriers and blurring product lines of banks and non-banks since the financial sector reforms, banks are functioning increasingly under competitive pressures. Hence, it is imperative that banks maintain a loyal customer base. In order to achieve this and improve their market positions, many retail banks are directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. Moreover, with the advent of international banking and innovations in the marketplace, customers are having greater and greater difficulty in selecting one institution from another. Hence, to gain and sustain competitive advantages in the fast changing retail banking industry in India, it is crucial for banks to understand in-depth what customers perceive to be the key dimensions of service quality and to evaluate banks on these dimensions. This is because if service quality dimensions can be identified, service managers should be able to improve the delivery of customer perceived quality during the service process and have greater control over the overall outcome. The study suggests that customers distinguish four dimensions of service quality in the case of the retail banking industry in India, namely, customer-orientedness, competence, tangibles and convenience. A methodological innovation in this study has been in the use of TOPSIS in the field of customer-perceived service quality. TOPSIS has been

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used to evaluate and ranking the relative performance of the banks across the service quality dimensions. Identifying the underlying dimensions of the service quality construct and evaluating the performance of the banks across these factors is the first step in the definition and hence provision of quality service in the Indian retail banking industry.

**Pham, Michel Tuan, et al. (2010)**\(^{15}\) - This study show that subtle contextual cues that increase customers' self-awareness can be used to influence their satisfaction with service providers (while holding the objective service delivery constant). Self-awareness cues tend to increase customers' satisfaction when the outcome of a service interaction is unfavorable, but they tend to decrease customers' satisfaction when the outcome of the interaction is favorable. This is because higher self-awareness increases customers' tendency to attribute outcomes to themselves rather than to the provider. Self-awareness can even influence satisfaction with service interactions that occurred far in the past. The authors demonstrate these effects across a variety of lab and field settings with different simulated retail experiences and with different real-life service interactions, including college courses, meals taken at a university cafeteria, and items purchased at an actual clothing store. The results further show that attempts to shape customers' satisfaction by means of self-awareness are more likely to be effective when there is substantial customer responsibility for the outcome; when customers' responsibility is limited, such attempts may backfire.

**Haisley Emily, Loewenstein, George (2011)**\(^{16}\) - The authors examine the impact of gifts on deposit balances and customer satisfaction in a longitudinal field experiment conducted at a commercial bank. They find that


gifts increased deposit balances, survey response rates, and customer satisfaction compared with the no-gift control. They manipulated several factors within the gift treatment: gift type, the accompanying message, and the sequence of gift value, which improved ($35 then $100 gift), worsened ($100 then $35 gift), or was a single gift. A highly detrimental effect of decreasing gift value occurred on deposit balances. This 'deterioration aversion' persisted in a long-term follow-up analysis of deposit balances. A vignette experiment replicates deterioration aversion and extends the results, demonstrating increased effectiveness of improving gifts over constant gift sequences and indicating that the mechanism underlying deterioration aversion involves the violation of expectations.

Voss Glenn B, et al. (2010)¹⁷ Customer satisfaction is universally acknowledged as a key driver of customer repurchase behaviour, but recent evidence suggests that satisfaction has no effect on repurchase under certain circumstances. In this study, the authors develop a framework for understanding the complex relationships among satisfaction, moderating variables, and repurchase. They propose that the satisfaction-repurchase link is subject to complementary and substitute effects and present satiation and inertia as key theoretical mechanisms that explain and predict those effects. In weak-satiation purchase categories, complementary effects are more likely, which suggests that managers should invest in customer satisfaction and complementary initiatives simultaneously. In strong-satiation purchase categories, substitute effects are more likely, which suggests that managers should invest in either customer satisfaction or substitute initiatives. An empirical test combining survey and longitudinal purchase data from two categories-fashion apparel and automobile service-provides a remarkable degree of support for the propositions. The findings offer new theoretical

insights and substantive guidance for managers to effectively allocate resources to initiatives that complement or substitute for customer satisfaction.

Harris Kim, et al (2011)\(^{18}\), In this article, the customer-critic approach is presented as a complementary approach to existing service performance evaluation. It is based on methods, derived originally by Patrice Pavis, that have a distinguished pedigree in the evaluation of theatrical performances. An adaptation of Pavis's evaluation framework is illustrated in the context of a restaurant service performance. A focus on the work of Pavis directs attention to the mise-en-scène or metatext of a performance as a vehicle for consumer analysis, and explicitly acknowledges the value of nurturing and enhancing the critical capacity of an audience. Although an audience should be made aware of the main components of a performance, most importantly they should be encouraged to take a holistic, rather than fragmented, view of what is being presented. In addition, unlike other research approaches, the customer-critic process involves customers before, during, and after the performance, and builds in the opportunity for both reporting and reconstruction. It is an approach to data collection and analysis more closely aligned to the Service-Dominant Logic of marketing than methods currently adopted by service managers, recognising consumers as operant resources and the 'value in use' of the performance from a consumer experience perspective.

HEKMAN DAVID R, et al (2010)\(^{19}\), This study examined whether and how various biases may influence customers' satisfaction evaluations and produce discriminatory judgments for minority and female service employees. We argue that customer satisfaction evaluations are biased because they are

anonymous judgments by untrained-raters that usually lack an evaluation standard. Laboratory and field samples provide disturbing evidence generally confirming our arguments and suggesting that the presence of non-white and women service employees may produce lower aggregated customer satisfaction evaluations that may ultimately hurt individuals and organizations financially.

Grewal Rajdeep, Chandrashekaran Murali, Citrin, Alka V (2010) It is widely recognized that business growth and shareholder value are engineered on the basis of investments aimed at acquiring and retaining customers. Along with this premise, however, the literature reveals a growing recognition that the manner in which important customer-based outcomes are constructed in the short term has vital implications for long-term firm performance. Adopting the view that customer satisfaction is a stochastic marketplace asset, the authors advance a mean-variance perspective that enables them to test two conjectures: (1) Objective service quality and advertising affect not only the level of customer satisfaction but also the heterogeneity in customer satisfaction, and (2) shareholder value is shaped by the interplay of satisfaction level and heterogeneity, through their impact on retention sales, acquisition sales, and servicing costs. The authors test these conjectures using secondary data from diverse sources that describe the dynamics in the U.S. airlines industry during a nine-year period (1997–2005). The results, derived from estimating structural models that account for the impact of several meaningful control variables, provide strong support for both conjectures. Importantly, the findings indicate that the return on satisfaction to shareholder value decreases by almost 70% in going from low to high satisfaction heterogeneity; at the same time, increasing levels of satisfaction heterogeneity serves to reduce the volatility in shareholder value.

Hofmeyr Jan, Parton Ged (2010), The article focuses on a survey conducted in the U.S. which focuses on the impact of customer satisfaction on the share of wallet retailers get from their customers. It reveals a significant but weak and inconsistent relationship between customer satisfaction and share of wallet in financial services, depicting that up to 80 percent of what individual customers do with their money is not related to how satisfied they are. It suggests two reasons for the weak relationship between customer satisfaction and individual behaviour. First, the failure to assess how customers feel about competitors and second, the failure to distinguish that what matters is a business's rank, not the rating.

Evanschitzky Heiner, et al. (2011), In small-service settings, how do owner satisfaction, front-line employee satisfaction, and customer satisfaction relate to one another? The authors use generalized exchange theory (GET) to examine how satisfaction levels of these three constituents are reciprocated. The authors examine a European franchise system comprising 50 outlets, 933 employees, and 20,742 customers. Their results show two important findings. First, the effect of owner-franchisee’s satisfaction on customer satisfaction is fully mediated by front-line employee satisfaction. Thus, managers of a service outlet can strongly impact the satisfaction and behavioral intentions of their customer base, even without direct contact with them. Second, the link between customer satisfaction and purchase intention is moderated by employee satisfaction at an outlet. The link between customer satisfaction and customer purchase intentions is almost twice as strong when employees are satisfied than when they are not. Thus, there is a “doublepositive effect:” not only does higher employee satisfaction at an outlet directly lead to higher customer satisfaction but it also indirectly

strengthens the association between customer satisfaction and their repurchase intentions.

**Garver, Michael (2009)**, This paper puts forth maximum difference scaling as a valid research method to determine attribute importance for customer satisfaction research, which in turn can drive valid and meaningful need-based segments of the marketplace. In addition, this paper empirically demonstrates the value of bringing need-based segmentation into the centre of customer satisfaction analysis. The results suggest that implementing maximum difference scaling to determine attribute importance scores for the overall market, as well as to create valid need-based segments, will result in significantly different improvement priorities as compared to more traditional customer satisfaction approaches.

**Siddiqui, Masood (2010)**, Life insurance players have started realizing that their business depends on customer service and customer satisfaction. This research, using confirmatory factor analyses, proposes a six dimensional service-quality instrument consisting of 'assurance', 'personalized financial planning', 'competence', 'corporate image', 'tangibles' and 'technology' in life insurance. A causal model, using structural equation modeling, is suggested to investigate the effects of the proposed service quality instrument on customer satisfaction ('satisfaction with agents', 'satisfaction with functional services', 'satisfaction with company' and finally with 'overall satisfaction'). The proposed framework attempts to provide a blueprint for appropriate course of action (by life insurance service providers) to create a base of satisfied customers through quality services.

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Lewis, Barbara R (1991), In this article, empirical research findings are presented from an investigation of consumer expectations and perceptions of service quality. Customers of banks, in the UK and US, indicated the importance of a range of elements of service quality and their perceptions of the service actually received. A number of similarities and differences between UK and US respondents are highlighted together with evidence of the success to date of the banks in their delivery of service quality.

Naumann Earl (2010), Many research studies conclude that satisfaction is strongly and positively related to repurchase intentions and loyalty behaviour. However, companies are often faced with the perplexing question of why some customers, who are satisfied, still switch suppliers given the right circumstances. To answer this question, an exploratory research study was conducted in the facilities-management industry with business-to-business service customers. The study was conducted in two stages: an exploratory stage that focused on the industry as a whole, and a confirmatory stage that focused on lost customers from one specific company. It was found that switching motives and actual reasons for switching are quite different. Customers, despite being satisfied, are more likely to switch suppliers for price reasons than they originally stated.

Tuli Kapil R, Bharadwaj Sundar G (2009), Over the past decade, several studies have argued that customer satisfaction has high relevance for financial markets because it has a significant impact on stock returns. However, little attention has been given to understanding the impact of customer satisfaction on the risk of stock returns. The finance literature suggests that investors that judge performance only in terms of returns place

more resources than warranted in risky opportunities, forgo profitable opportunities, and apply misguided performance evaluations. Accordingly, this study develops, tests, and finds empirical support for the hypotheses that positive changes (i.e., improvement) in customer satisfaction result in negative changes (i.e., reduction) in overall and downside systematic and idiosyncratic risk. Using a panel data sample of publicly traded U.S. firms and satisfaction data from the American Customer Satisfaction Index, the study demonstrates that investments in customer satisfaction insulate a firm's stock returns from market movements (overall and downside systematic risk) and lower the volatility of its stock returns (overall and downside idiosyncratic risk). The results are robust to alternative measures of risk, model specifications, and concerns related to sample composition criteria raised in some recent studies. Therefore, the results indicate that customer satisfaction is a metric that provides valuable information to financial markets. The robust impact of customer satisfaction on stock returns risk indicates that it would be useful for firms to disclose their customer satisfaction scores in their annual report to shareholders.

Dixon Matthew, et al. (2010)\textsuperscript{28}, The notion that companies must go above and beyond in their customer service activities is so entrenched that managers rarely examine it. But a study of more than 75,000 people interacting with contact-center representatives or using self-service channels found that over-the-top efforts make little difference: All customers really want is a simple, quick solution to their problem. The Corporate Executive Board's Dixon and colleagues describe five loyalty-building tactics that every company should adopt: Reduce the need for repeat calls by anticipating and dealing with related downstream issues; arm reps to address the emotional side of customer interactions; minimize the need for customers to switch

service channels; elicit and use feedback from disgruntled or struggling customers; and focus on problem solving, not speed. The authors also introduce the Customer Effort Score and show that it is a better predictor of loyalty than customer satisfaction measures or the Net Promoter Score. And they make available to readers a related diagnostic tool, the Customer Effort Audit. They conclude that we are reaching a tipping point that may presage the end of the telephone as the main channel for service interactions—and that managers therefore have an opportunity to rebuild their service organizations and put reducing customer effort firmly at the core, where it belongs.

**Anderson Rolph, Swaminathan Srinivasan (2011)**

This research investigates the factors that drive customer satisfaction and loyalty in e-markets. Employing qualitative interviews and field research, we identify key factors that drive customer satisfaction in e-businesses and use the partial least squares path modeling technique to evaluate their effect. Six factors are found to significantly affect satisfaction in e-businesses: adaptation, commitment, network, assortment, transaction ease, and engagement. Further, we discover that the positive effect of satisfaction on loyalty is moderated by customer trust and inertia. At lower levels of inertia and trust, customer satisfaction has a greater effect on loyalty. Actionable recommendations are provided for e-business managers to enhance customer satisfaction.

**Fornell, Claes, et al. (2010)**

Predicting aggregate consumer spending is vitally important to marketing planning, yet traditional economic theory holds that predicting changes in aggregate consumer spending is not possible. Previous attempts to predict consumer spending growth using standard macroeconomic predictor variables have met with little success. The authors show that the lagged change in customer satisfaction, which

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**Notes:**


contributes to future demand, has a significant impact on spending growth. However, this impact is moderated by increases in consumers' debt service ratio, a key budget constraint that affects consumers' ability to spend. Using an asymmetric growth model, more than 23% of the variation in the one-quarter-ahead spending growth is explained, which represents a notable improvement over prior specifications.

**MAYER DAVID M et al. (2009)**, This study proposes service attributes as boundary conditions of the relationship between service climate and customer satisfaction. Drawing on service climate theory and research, the customer contact model of service delivery, typologies of service attributes, and relational coordination theory, we hypothesized that customer contact frequency, service intangibility, and service employee interdependence moderate the positive link between service climate and customer satisfaction so that the relationship is more positive when those three variables are at high levels. Using a sample of 129 supermarket departments, we collected data from three unique sources (service employees, executives, and customers). Analyses revealed support for the hypotheses.

**Anderson Eugene W, Mans, Sattar A (2009)**, This article examines whether customer satisfaction is associated with key metrics from corporate bond markets—namely, credit ratings and cost of debt financing. The authors draw on theory in marketing and finance to predict how customer satisfaction should be associated with both measures. To test the hypotheses, they employ the American Customer Satisfaction Index (ACSI) database of more than 150 publicly traded firms during the period from 1994 to 2004. The empirical work controls for factors that are known to influence the bond market, such as firm profitability and risk, as well as potential unobservable factors. The

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findings indicate that firms with lower customer satisfaction exhibit lower credit ratings and higher debt costs—financial consequences of customer satisfaction not previously observed. The results also suggest that the association between ACSI and cost of debt is attenuated by the inherent level of risk faced by the firm.

Guido Gianluigi, Pino Giovanni, Frangipane Daniel (2011)\textsuperscript{33}, Creation of consumer value in drug retailing is influenced by the possibility of receiving advice from trusted pharmacists. In Italy, recent reforms have guaranteed lower prices and wider access to medication by authorizing hypermarkets and supermarkets to dispense over-the-counter (OTC) drugs. However, the ability of such retailers to deliver value to consumers seems to be mainly determined by the extent to which they are perceived as credible health care providers and by the image they transmit to their customers. By adopting Ohanian's (1990) source credibility model and the Five Factor Model of personality (see Digman, 1990), this study attempts to evaluate the impact of the basic dimensions of credibility, as well as that of the main image traits (i.e. Big Five factors), on customers' intention to buy OTC drugs from supermarket stores. Implications for how supermarkets could modify their store image and service facilities to enhance the ability to create value for customers are also discussed.

Huertas-García Rubén, Consolación-Segura Carolin (2009)\textsuperscript{34}, Customer satisfaction is an important objective in all areas of business and services. A key issue in today's design activities is to achieve customer satisfaction in an economical way by finding the attributes that are most valuable to customers. In this paper we propose a formal and efficient

\textsuperscript{33}The role of credibility and perceived image of supermarket stores as valuable providers of over-the-counter drugs, Journal of Marketing Management, Mar 2011, Vol. 27 Issue 3/4, p207-224.

methodology to design a new service, which is an improvement on a platform service. We propose a methodology to link two tools--the statistical design of experiments (SDE), for data collection, and quality function deployment (QFD), for the development of conceptual alternatives. The focus is only on functional dimensions, but it can be used in symbolic and aesthetic dimensions. The study uses a recent survey on the development of an operations management course curriculum to illustrate the conjoint methodology.

Malhotra Ynares K, et al (2010)\textsuperscript{35}, The article presents a research which examines the relationship marketing based on the three dimensions of customer satisfaction, brand loyalty, and compliant behaviour. Literatures related to the aspects of relationship marketing such as customer confidence and conflict handling and the demographics variables of ethnicity and income are presented. The researchers utilized the empirical method with integrated model to analyze relationship marketing with the variables. Results of the study indicate significant association of conflict handling and communication with customer loyalty and the positive contribution of the three dimensions to customer satisfaction. Also noted is the need for the marketers to build customer relationship based on trust and competence

\subsection{2.2 CUSTOMER PARTICIPATION}

Chan Kimmy Wa, Yim Chi Kin (Bennett), Lam Simon S.K (2010)\textsuperscript{36}, Emergent perspectives in marketing highlight new opportunities for co-opting customers as a means to define and cocreate value through their participation. This study delineates and empirically tests hypotheses regarding

\textsuperscript{35}What Are Your Customers Saying About you, Marketing Research, Winter 2010, Vol. 22 Issue 4, p20-25.
the effects of customer participation (CP) on value creation and satisfaction for both customers and employees with different cultural value orientations in the context of professional financial services. Using data collected from 349 pairs of customers and service employees in two national groups (Hong Kong and the United States) of a global financial institution, this study examines how (1) CP drives performance outcomes (i.e., customer satisfaction, employee job satisfaction, and employee job performance) through the creation of economic and relational values and (2) the effects of CP on value creation depend on participants' cultural value orientations. Promoting CP could be a double-edged sword for firms: CP enhances customers' economic value attainment and strengthens the relational bond between customers and employees, but it also increases employees' job stress and hampers their job satisfaction. Moreover, the effects of CP on value creation depend on the cultural values of both customers and service employees; this result implies that arranging customers and service employees with “matched” cultural value orientations could facilitate the creation of value through CP.

2.3 INNOVATION IN BUSINESS

Jain B.K (2008)\textsuperscript{37} identified that the unique services had been offered by the Amreli Nagrik Sahakari Bank such as centrally air conditioned hall with comfortable seating arrangement, free tea/coffee, note counting machines for customers, extended banking hours, interest discount on loans and advances, gift to regular loan re-payers and free accident insurance.

Unnithan and Swatman (2001)\textsuperscript{38} studied the drivers for change in the evolution of the banking sector, and the move towards electronic banking by focusing on two economies, Australia and India. The study found that Australia is a country with internet-ready infrastructure as far as telecommunication secure protocols, PC penetration and consumers’ literacy are concerned. India, by comparison, is overwhelmed by weak infrastructure, low PC penetration, developing security protocols and consumer reluctance in rural sector. Although many major banks have started offering i-banking services, the slow pace will continue until the critical mass is achieved for PC, internet connections and telephones. However, the upsurge of IT professionals with growing demands is pressuring the government and bureaucracy in the country to support and develop new initiatives for a faster spread of i-banking.

Rao and Prathima (2003)\textsuperscript{39} provided a theoretical analysis of i-banking in India, and found that as compared to the banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. Various authors have found that i-banking is fast becoming popular in India.

Joseph et al. (1999)\textsuperscript{40} investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and

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complaint management, efficiency, queue management, accessibility and customization.

Vimi Jham and Kaleem M. Khan (2008)\textsuperscript{41}, The study found that there were distinctive segments within the financial market that had significantly different levels of usage of financial distribution channels. Financial customers' satisfaction with human tellers, automated teller machines, money transfer at the point of sale, credit cards, debit cards, internet banking and telephone banking was investigated, and this information was used to determine if relationships exist between customer satisfaction and the usage of financial distribution channels.\textsuperscript{41}

Puri and Kamath (2004)\textsuperscript{42} in their article, “Indian Banks: Bigger, Better & Remote Controlled” explained that banks in India have traditionally claimed the strength of their networks based on the number of branches. The logic was that the increase in branch network corresponds to more transactions, more business and therefore more profits. Not unlike the rest of Asia, where branch rationalization first started in Japan and then spread across the continent, this logic is steadily getting reversed in India.

Parasuraman, A and Zinkhan, G.M. (2002)\textsuperscript{43} pointed out that Internet banking has become the self-service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology. The new world of electronic banking is changing day by day. It is important to understand the customer's perception on internet banking. Today, many financial services organizations are rushing to become more customer focused. A key component of many initiatives is the implementation of Customer Relationship Management (CRM) software.

According to Aladwani (2001)\textsuperscript{44} different forms of online banking are web-based banking where a customer can access his or her account(s) when he or she uses the Internet; second form of online banking is where a bank customer uses a modem to dial-up to a bank’s server to access his or her bank account(s). The later type of online banking is known as dial-up banking. A special type of dial-up banking is called an Extranet, a private network between a bank and its corporate customers.

In the study by Ibrahim et al, (2006)\textsuperscript{45}, revealed six composite dimensions of electronic service quality, including the provision of convenient/accurate electronic banking operations; the accessibility and reliability of service provision; good queue management; service personalization; the provision of friendly and responsive customer service; and the provision of targeted customer service.

According to study conducted by Amin, (2007)\textsuperscript{46}, perceived usefulness, perceived ease of use, perceived credibility and computer self-efficacy are the factors affecting the adoption of internet banking.

The study conducted by Liao and Cheung, (2002)\textsuperscript{47} found that individual expectations regarding accuracy, security, network speed, user-friendliness, and user involvement and convenience were the most important quality attributes in the perceived usefulness of Internet-based e-retail banking. The crucial factors that affect an individual’s decision to use or not to use online services the individual’s age, the difficulties of using the Internet, the fear of changes in the banking sector due to technological development and the lack of information concerning products and services provided to customers through electronic delivery channels. Factors such as the speed of transactions or the cost of using the Internet have little impact on an individual’s final decision.
Thulani et al, (2009)\textsuperscript{48} pointed out that Internet banking refers to systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank’s website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations. In its simplest form, electronic banking may mean the provision of information about the bank and its products via a page on the internet. It is the types of services through which bank customers can request information and carry out most retail banking services such as balance reporting, inter-account transfers, bill-payment, etc., via a telecommunication network without leaving their homes or organizations.

Falkenreck Christine, Wagner Ralf (2011)\textsuperscript{49}, This article focuses on the importance of perceived innovativeness, as well as corporate reputation, for the buyer-seller relationship and, therefore, enhances previous studies of customer satisfaction and loyalty. A conceptual model is extended within the commitment-trust framework. A set of research propositions is evaluated using data from three Western markets (Finland, Germany, and Spain) and the Russian transition economy. Our study enlarges existing models on service quality expectations and customer satisfaction in business-to-business (B2B) marketing, and challenges the importance of innovativeness and corporate reputation. We find that expectations in products and services impact the perceived value for money in Russia and Germany only. The perceived innovativeness of the vendors turns out to be relevant in three out of four cultures. Among our study's managerial implications is that the values in exchange are clearly related to the cultural values of the customers. Hence, not only the concept of utility, but also the concepts of value in use and values in exchange need cultural embedded marketing interpretations. Also, we derive a set of rules of thumb to guide practitioners in improving their business.
**Homburg, Christian, et al (2009)**, Although the identification of customer needs constitutes a cornerstone of the marketing concept, the accuracy of frontline employees' perceptions of customer needs has never been examined in a systematic manner. Following research in social cognition, this article introduces the concept of “customers need knowledge” (CNK), which describes the extent to which a frontline employee can accurately identify a given customer's hierarchy of needs. The results of two large-scale, multilevel investigations involving data from three different levels (customers, employees, and managers) demonstrate the importance of CNK for the provision of customer satisfaction and customer value. In particular, CNK fully mediates the influence of employees' customer orientation and cognitive empathy on these customer outcomes. Moreover, whereas the length of the relationship between an employee and a particular customer enhances CNK, a large age discrepancy in relation to the customer decreases employees' level of CNK.

**WEIGELT CARMEN, et al (2009)**, The study examine how firms use the experiential learning of certain supply-side agents—technology solution providers—to overcome technological, organizational, and market-related knowledge hurdles to adopting innovations. Studying the electronic banking innovations of 4,293 credit unions that had relationships with 55 such providers during 2000--04, we found that their technical experiential diversity positively influences client innovation adoption, although benefits taper off at high levels of diversity. A provider's organizational experiential diversity, however, exhibits a U-shaped relationship with client innovation adoption. Also, the conditioning effect of a client firm's marketing intensity on the diversity-innovation link varies with the type of technology solution provider experience.
Sarkar and Abhiman Das (1997)\textsuperscript{52} examined the inter-bank performance differences in the efficiency of banking sector with respect to profitability, productivity and financial management. The result shows that there is a wide variation in efficiency among the banks according to their ownership pattern. The performance of PSBs was relatively poor compared to other bank groups.

Pikkarainen et al., (2006)\textsuperscript{53} pointed out that the implementation of e-banking, such as internet banking and the use of computer-based office banking software hold several obvious advantages for the banks as the outcome of revolutionary technologies.

Aladwani A (2001)\textsuperscript{54} reported that to extend E-Banking, three characteristics of financial services are most important. They are: (1) High availability, (2) Scalability, and (3) Security. According to their opinion, high availability is to deliver continuous E-banking services to customers. It is the ability to provide easy and continuous services to all clients.

Chellappa, Ramnath K (2002)\textsuperscript{55} argues that trust would be favorably influenced with the increase in perceptions of security in Electronic Commerce (EC) transactions.

Laforet Sylvie, Li Xiaoyan (2005)\textsuperscript{56} found that individual expectations regarding accuracy, security, transaction speed, user-friendliness, user involvement, and convenience were the most important quality attributes in the perceived usefulness of Internet-based e-banking.

Hasan et al. (2002)\textsuperscript{57} found that the Internet banking institutions were performing significantly better than the non-Internet groups. Moreover, the risk variables associated with the Internet group continued to be lower relative to the non-Internet group. The asset-liability variables revealed that on average the banks in this Internet group were larger and had significantly
higher trading and investment activities and less dependent on retail deposits (both demand and saving deposits) relative to the non-Internet group. The only category where the Internet group showed a lower performance was the non interest expense category. It found a significant and positive link between offering of Internet banking activities and banks’ profitability and a negative but marginally significant association between the adoption of Internet banking and bank risk levels particularly due to increased diversification.42

**Sonal Chawla (2004)**58, the result of which has been a cut in the cost per transaction at the branch. An average transaction at the branch costs around Rs.100; at an ATM it is about Rs.40, and on the Internet it's around Rs. 20. But unfortunately a very small percentage of the customers out there use the Internet Banking in India. This is due to factors like low PC penetration, and penetration of Internet itself is low.

**Allen and Gale (2000)**59, the study found that diversification of banks’ activities can be justified for at least five reasons. First, entry deregulation and the resulting intensified competition may leave banks with no choice but to engage in risk-taking activities in the fight for their market share or profit margins. As a result, risk-taking would reduce the value of banks’ future earnings and associated incentives to avoid bankruptcy.

**Zainuddin Nadia, et al (2011)**60, Understanding consumer value is imperative in health care, as the receipt of value drives the demand for health care services. While there is increasing research into health care that adopts an economic approach to value, this paper investigates a non-financial exchange context using an experiential approach to value, guided by social marketing thinking on behaviour change. An experiential approach is deemed more appropriate for government health care services that are free and preventative.

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rather than for treatment purposes. Thus, instead of using an illness paradigm to view health-services outcomes, the researchers applied a wellness paradigm. Data from 25 depth interviews have been analysed by the authors to demonstrate how social marketing thinking has guided the identification of six themes that represent four dimensions of value (functional, emotional, social, and altruistic) evident during the health care consumption process of a free government service.

**Towler, Annette, et al (2011)** The study examines the role of customer retention as a mediator in the service climate-firm performance chain. Using a predictive design that involves data collected from 1,500 automotive service stores from 12,518 employees and approximately 30,000 customers, a model linking service climate (a concern for employees and customers), customer satisfaction, customer retention, and firm performance was tested. Notably, the results support the overall model and the hypothesized mediating effect of customer retention regarding the relationship between customer satisfaction and firm performance.

**Ofir Chezy, et al (2009)** The authors propose that participation in market research can determine consumers' experiences with and evaluations of marketing services/products. Building on and extending a prior finding that expectation to evaluate a service (or product) leads to more negative evaluations, this research investigates the robustness, process, and consequences of asking consumers to form evaluations of services/products. The results of several field studies (conducted in Israel, Korea, and the United States) show that (1) the effect of expecting to evaluate on the service provider's performance evaluation is enduring and lasts beyond the immediate aftermath of the service encounter; (2) the effect of study participation on the perception of marketers reflects true perceptual change rather than “made-up” perceptions—it requires supporting evidence and is eliminated if cognitive load interferes in the production of that evidence; and (3) the robust bias.
produced by expecting to evaluate cannot be eliminated by causing participants to consider the task effect on their evaluations or the impact of their feedback on the evaluated marketers. The authors discuss the broader implications of this research for understanding the impact of participation in market research on consumers’ experiences and inputs.

Wu, Cedric Hsi (2011), Customer participation has been argued to be a critical influence on customer satisfaction with the service received, but empirical studies are relatively lacking. This study proposes a theoretical model of the antecedents and impact of customer participation in service and re-examines the relationships among organizational support, socialization, customer participation, and customer satisfaction. Findings of a questionnaire completed by tourists of a Taiwanese theme park indicated that: (1) customer perceptions of support and socialization significantly and positively influence customer participation; (2) perceived support and socialization have a significant and positive influence on customer satisfaction; (3) the directly positive relationship between customer participation and satisfaction is not supported in this study.

The above studies throw light on the impact of technological innovations and the revolution of E-Banking. These studies explore the need, impact and the problems associated with the various innovations taken place in the banking sector. But there are only very few attempts to examine the attitude and the perceptions of the customers with regard to the growth and development of banks. These studies failed to analyze the expectations of the customers of their respective banks. The present study attempts to bridge the gap by analyzing the attitudes of customers and their level of satisfaction on various services of the banks.