CHAPTER - V

CONCLUSION AND RECOMMENDATIONS
ACHIEVEMENT

This research has contributed to the existing literature in a number of ways. From an empirical standpoint, it has investigated the components of marketing effectiveness through a descriptive study of financial services firms in Delhi NCR. In recent years, the increasing liberalisation of the financial services market and its gradual transition from a sellers’ market to a buyers’ market has had a profound impact on organisations competing in the industry. Coupled with political, legal and economic pressures and higher levels of service expectation on the part of customers, banks are no longer able to assume anything and are best advised to seek specific answers. Consequently banks need to have focus on a variety of customer-oriented strategies.

In view of the hostile nature of the marketplace it is not surprising to find that firms which demonstrate superior marketing effectiveness are those that tend to be characterised by superior customer retention rates, profitability and sales growth.

In this study increasing competition, technology, social and cultural factors were found to be the chief drivers of service quality initiatives. The onset of competition in consumer financial services can be traced to the regulatory changes of the 1993 that was discussed earlier. Moreover, the banks need to focus on quality service, as a consequence of relationship orientation and another requisite for market performance and, subsequently, economic performance.

This work integrates market orientation philosophy with relationship marketing and service quality as related drivers of the firm’s performance. Few empirical works had related these concepts until now in this way.
The improvement of customer-perceived quality usually increases profits through revenue expansion, whereas the improvement of the efficiency of internal processes tends to increase profits through cost reduction.

Once market orientation has been developed, the company’s ability to derive superior performance is attributed to the subsequent skills it builds which allow for a better understanding of the needs of its target market. Understanding the target customers’ needs permits the bank to coordinate all its resources in a manner which allows it to increase the value for the customer, hence to increase the level of output quality received by the customer.

The findings demonstrate, even if the real trigger is the market orientation philosophy, the strategies and the investments towards the customers, the firm’s commitment in the relationship are the foundations for a greater effort in service quality. The quality of the service is a pre-requisite for financial institutions’ market performance and, subsequently, economic performance. The companies that offer the best technologies and great quality in every service and that have trained and motivated its employees in order to provide an efficient service are creating the adequate framework for success.

Our findings will be of interest to service firms primarily because once the quality variables are adequately understood they can be readily controlled by management and can be achieved across domains. As a firm is inherently different from its competitors in the sense that it has its own clients, employees, processes and systems, and marketing strategy, thus represents scope for a highly actionable strategy. Importantly, quality can be used to create stronger client-firm relationships.
The results of this research emphasize the important role service quality plays. These findings are important given that prior research has not considered the role research in comparing banks. While the literature is mature, ours is one of the first studies to consider the role of demographic factors in business-to-customer situations.

In all, a number of benefits may accrue from well designed and managed service quality initiatives:

- Enhanced customer loyalty through satisfaction
- Attraction of new customers from positive word-of-mouth communication
- Increased opportunities for cross-selling and long-term relationships
- Employee job satisfaction, morale and commitment to the company
- Increased staff loyalty and reduced staff turnover
- Enhanced corporate image and possible insulation from price competition.

Overall, successful service quality leads to decreased cost and increased productivity and sales, market shares, profitability and business performance. Clients are more likely to be committed to the firm if their service is perceived to be unique or differentiated from what other providers can offer.

**IMPLICATIONS FOR THEORY**

Customer needs and expectations are, naturally, subject to change as a function of circumstances and experience. Also experience with one service provider (e.g. staff in a hotel or restaurant) may influence expectations of others (e.g. in a bank). In addition, consumers are increasingly aware of the alternatives on offer and rising standards of service and so their expectations of service and quality are elevated and they are increasingly critical of the quality of service they experience. Higher levels of
performance lead to higher expectations and so companies can never be complacent about levels of service.

Hence, the time has come when firms in the highly dynamic, yet competitive financial services industry cannot afford to ignore the benefits that marketing effectiveness can offer. In this context, it is essential that executives appreciate the significance of the components of market effectiveness, allocate sufficient resources to ensure that quality dimensions are operating at their full potential within the firm and ensure that their message is delivered, received and understood across the firm.

**IMPLICATIONS FOR PRACTITIONERS**

From the research and evidence to date it is clear that financial service providers are not only aware of the importance of service quality but are increasingly taking on board the key concerns relating to understanding the definitions of service quality, developing integrated service quality programmes to include both standards/specifications and personnel recruitment and development, monitoring progress in terms of consumer expectations and satisfactions with respect to routine service situations, and responding to consumer problems in non-routine service encounters, i.e. the service recovery process.

**CONSTRAINTS AND CHALLENGES**

Limitations to the study relate to data collection. It would be also fruitful to compare results between the two industries here considered, as well as to other sectors in order to obtain evidence to generalize the findings obtained here. Moreover, although cross-sectional studies are common in the market orientation literature, the findings would improve if we collected longitudinal data. Finally, the generalization of these findings
is limited because of the small sample size and the fact that the data have been collected only in Delhi NCR.

It would be beneficial to test the model with other organizations and in other commercial settings. Longitudinal studies which look between periods would be beneficial.

**CONCLUSION**

Although studies have been conducted to advance understanding of the concept of expectations, a number of challenges are continuously being created in relation to the nature, types and dynamics of these expectations, and the effects of expectations on subsequent evaluations, both of which need closer attention.

The thesis provides a theoretical and empirical investigation of the relationship between consumer expectations and service quality. The principal finding is that consumer expectations are positive predictors of perceived service quality (i.e. higher expectations lead to higher perceptions of quality). Another finding is that the relationship between expectations and perceived service quality is much stronger than prior literature suggests.

“If you don’t expect too much you’ll never be disappointed” may be a cynical approach to life, but it is one which some firms seem to have adopted as part of their business strategy. The basic idea being that if you deliberately lower the expectations of your potential customers you’ll give them a pleasant surprise when it turns out your service is better than they thought. Service literature does advise practitioners to make sure the service performance exceeds customers’ expectations. High evaluations of service are thought to result from consumers perceiving the delivered service as being
better than expected and low evaluations from perceptions of the service being worse than expected with the consequent temptation to “under-promise and over-deliver”. The catch however is that under-promising will drain flow of customers in first place.

The objectives of this study was to examine these challenges in the context of financial services, and discuss how financial service providers can manage customer expectations to their advantage.

Uncertainty and ambiguity surrounding a complex financial service reduce customers’ ability to form clear expectations. Thus, presenting the service components transparently and understandably can help customers develop clear expectations about outcomes. There are multi-type expectation standards, and marketers should understand how these are used in the purchase and evaluation process. Customer expertise and involvement will influence not only the formation of expectations, but also the stability and the effects of expectations on consumption evaluation.

Customers have increased expectations of being offered the right products, at the right time and for the right reasons. Demographics and affluence have always been the backbone of segmentation tools, but more understanding is deemed fit to meet the challenges that today’s marketers face.

Further research is needed to assess the propositions advanced here. Qualitative research such as in-depth interviews with consumers should be undertaken to gain more insight into how consumers form their expectations of various financial services, and the type of expectations they would use throughout their purchase and evaluation process. Quantitative research is suggested following the qualitative research. When measuring expectations, the wording has to be very carefully formulated as there are many different types of expectations.
DIRECTIONS AND IMPLICATIONS FOR FUTURE RESEARCH

Some common questions that business managers have to constantly ask and seek answers are:

😊 What form do customer expectations take and how best, if at all, are they measured?

😊 Are expectations common across a class of service providers?

😊 Do consumers always evaluate SQ in terms of expectations and perceptions?

😊 What other forms of SQ evaluation are there?

However, in the present constrained economic environment there is an enhanced requirement to be not only service-oriented but at the same time to be cost-effective. To achieve this, the service quality managers need a thorough understanding of and commitment to quality, an appropriate organizational culture, well constructed research among employees and customers, enlightened personnel policies, and effective systems and procedures.

Some particular research issues for the coming years pertain to service quality gaps, the influence of price, and links between service quality and customer loyalty. Research and practice to date has focused primarily on the gap between consumers' expectations and perceptions. Further attention needs to be paid to measurement of management's and employees' opinions and attitudes, and overall to minimize all the service quality gaps.

Clearly, there is a need for further studies that consider the role that demographics plays in the relationship between service quality, trust, commitment and relationship outcomes.