



International Journal of Advanced Research & Higher Studies (IJARHS)

Customer Attitude towards Service Marketing Practices in Bangladesh: An Empirical Analysis on Banking Sector

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ABSTRACT

In this era of the 21st century, banking businesses are standing on customer satisfaction. Whether customers receive the service or avoid it depends on the behavior of the bankers. The banking business is more competitive than before. In this study, consumer attitudes towards the service of banking sectors are examined. The empirical study indicates that Banks are doing well with its customers and improving their business with the best services given to them. Though service has the qualities of inseparability, intangibility, variability, and perish ability, a company can fix them by organizing, providing customer care, communicating with customers, and leading. By doing the above things, the company makes any customer a loyal customer, thus decreasing their promotional costs and increasing their lifetime value. A customer attitude survey is taken to identify the needs and wants of customers, enhance profits, and improve customer satisfaction and retention. This study is an attempt to explain customer perceptions and satisfaction with the service quality of banks to help in creating and maintaining a sound business environment in its business area.

Keywords: *Customer Attitude, Service Marketing, Banking Sector.*

1. Introduction

Banking sector is the mirror of the economy. Due to its linkages to all other sectors, it portrays the economy of a country as a whole. Indeed, the banking industry in Bangladesh is a very competitive one. Competition is increasing on a regular basis and customers are enjoying it. It takes a fraction of a second for a customer to move from one bank to another. So, banks are now providing their customers the opportunity to choose convenient locations to get banking services as well as trying their best to meet all type of banking needs of customers (Rahnama, R., & Beiki, A. H, 2013).

But at the same time, customers expect higher quality of services from the banks, better banking environment, quicker and hassle-free process in getting services, more professionalism among employees etc. Here the term 'Marketing' blends with 'Banking'. Marketers try to shape customer perception towards their firm by implementing various controllable elements of marketing mix which known as 4Ps of marketing (product, price, place, promotion) (McCarthy, 1964). Due to the nature and inherent intangibility, three additional Ps i.e. people, process, and physical evidence were introduced for service sector. These new elements are essential to the definition and promotion of services in the consumers' eyes both prior to and during the service experience (Bitner, 1990).

Now-a-days, Modern banks are blending all the 7Ps of services marketing in their marketing activities. A large number of deposit and loan schemes are being developed in accordance with the requirements of different segments of the society. Innovation and renovation of

products are not the solely way to retain customers in this competitive industry. Banks are trying to satisfy their customers through improved service quality. Launching new schemes with advertisements and other promotional activities help a lot to attract new depositors as well as to loan customers. State-of-art technology and updated banking facilities like Internet banking, Mobile banking, Phone banking, 24/7 ATMs, Bill pay machines etc. all have a positive impact on attracting and retaining customers. Moreover, the smooth and hassle-free processes in every aspects of banking service are essential to satisfy customers. Infrastructural facilities available to customers, premises environment, attitude and behavior of employees with customers, their promptness of service and professionalism all have a very strong impact on customers (Saha, S., & Chowdhury, M. S. K, 2000).

Most academics and practitioners agreed that customer perception varies individual to individual and have a major impact on purchasing decisions (Constantinides, Influencing the online consumer's behavior:the Web experience, 2004). Marketers try to shape customer perception towards their firm to influence the purchasing decisions by implementing various controllable elements of marketing mix i.e. product, price, place, promotion, people, process, physical evidence (Bitner, 1990). The problem of the study lies with the fact to investigate whether there is any relationship between 7Ps and customer perception. Previously, many researchers measured the relationship between 7Ps and customer satisfaction (Sarker, 2012), customer loyalty (Al Debi, 2014), competitive advantage and consumer behavior (Kombenjammas & Lertrattananon, 2011) in different service sectors like tourism, hotel service, cooperatives etc. Therefore, this study was conducted with the primary objective to investigate the impact of services marketing mixes on customer perception towards modern banking in Bangladeshi context.

2. Objectives of the Study

The objectives of the study are as follows:

2.1 General Objective

The general objective of this study is to find out, customer attitude towards the service quality of banking sector in Bangladesh.

2.2 Specific Objectives

The specific objectives of this study are as follows:

- a. To know about operational activities of and the opinions of the customers regarding the existing services.
- b. To make the theoretical knowledge clear, exact, and fruitful.
- c. To remove the limitations of theoretical knowledge and to know how to solve managerial problem.
- d. To determine the subsequent progression or depression of the bank in terms of services offered to customers.

3. Methodology of the Study

Methodology is an important part of the study. It is designed in away so that it correspondent to achieve the objectives of the study. It includes sampling procedure, data collection procedure, & procedure of analysis the data.

Sample area: I have selected sample area only Agrani Bank and Exim Bank limited for my study.

Sample size: In order to conduct the survey smoothly, I have selected 51 customers, 2 officers and 2 manager on sample size.

3.1 Methods of Data Collection

There are two sources of data, one is Primary source of data and another is Secondary source of data. I have used both the sources for collecting data.

3.1.1 Primary data collection Method

Primary data was collected from Banks. For this study I have collected data and information by following way

3.1.1.1 Questionnaire method:

To collect information for my practical training at first, I made a questionnaire with the help of my honorable supervisor. After preparing the questionnaire, the researcher collected the information and data from the customer, the officers and the manager of the bank.

3.1.1.2 Interview Method:

I have collected the information and data through interview, I have taken interview of the officers, executives and customers and they all responded all of questions friendly.

3.2 Secondary Data Collection Method:

The only source of secondary data was official record of bank. Others sources of secondary data are as follows:

- **Printed Materials:** This study is mostly dependent on the printed materials which may include the books, newspapers, magazines, journals, annual reports, Bangladesh bank publications, Agrani Bank and Exim bank Annual Report etc.
- **Internet:** Internet was another major secondary source that was used to collect related information to conduct the study.

4. Theoretical Overview of the Study

4.1 Customer

A customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration. An individual or business that purchases the goods or services produced by a business. The customer is the end goal of businesses, since it is the customer who pays for supply and creates demand. Businesses will often compete through advertisements or sales in order to attract a larger customer base.

One who uses the product or service, the one who purchases the product or service or the one who influences the product or service. The customer is the end user or the person who consumes the product or gets benefit from the service. The rear lots of classification methods to differentiate types of customers (Kombenjas, M. W., & Lertrattananon, M. N, 2011). For instance, the two principal categories are divided as external customers and internal customers.

Internal customer: An internal customer is a customer who exist an inside the organization and purchase the product or service.

External Customer: External customers refer to the customers, who are paying for the final products or services. External customer is an exist outside the organizations and generally falls into three categories.

New customers: Persons have never experienced the products or services of the company before and they begin to try the products or services and may gradually become current customers or lost customers of business organizations.

Current customers: Persons who are being in the process of a purchasing. They have a certain degree of understanding and knowledge of the company.

Lost customers: Persons who used to be the customers of the firm but somehow change to other firm.

4.2 Customer affecting factors

There are some factors which affect customer's perception of the value of being a customer the company. A customer figures out a company by noting the way how it

- a. Fixes products price
- b. Handles invoicing
- c. Takes care of quality problems
- d. Mistakes and service failures
- e. Manages complaints
- f. Offers customer training on how to use machines, equipment and software
- g. Handles queries and answers questions and e-mails
- h. Pay attention to customers and their special requests and wishes
- i. Keeps promises and delivers promptly, etc.

4.3 Perception

The word "**Perception**" derived from the Latin word "*Percipio*" which means the ability to see, hear, or become aware of something through the senses. Perception is awareness, comprehension or an understanding of something. Perception depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness. An example of perception knows when to try a different technique with a student to increase their learning.

Customer perception is a marketing concept that encompasses customer's impression, awareness and/ or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels.

4.4 Customer satisfaction

Customer satisfaction is the individual perception of the performance of the product or service in relation to his/ her expectations.

Customer Satisfaction=Expected Performance–Perceived Performance

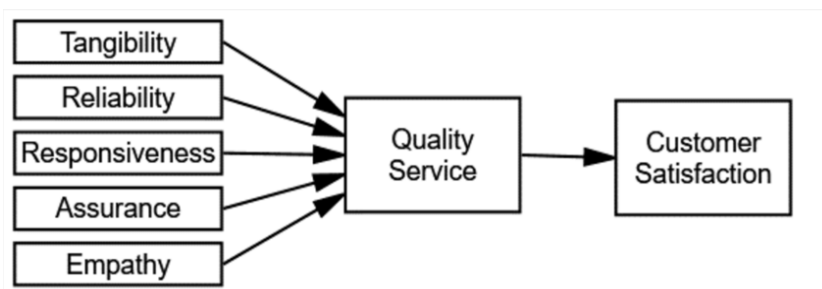
4.5 Service

A service is an act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may be tied to a physical product (Wirtz, 2018). Examples are banking, hotel, and airline, retail, wireless and home services. There have some characteristics which are given below.

- a. **Intangibility:** Buyer it does not tangible these service. When he bought this service and tangible service he consider that place, people, and equipment.
- b. **Inseparability:** You cannot separate the service. When you get service then you involve and get service. Such as Beauty parlor.
- c. **Variability:** First time get the service and you can determine this equitable service but you cannot get this service in second time.
- d. **Perish-ability:** It cannot store this service, when you buy or receive this service.

4.6 Service Quality

Service quality can thus be defined as the differences between customer expectation of service and perceived service. If expectations are greater than performance, than perceived quality is less than satisfactory and hence customer dissatisfaction occurs. Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitions (Bateson, 2011).



4.7 Customer Services Concept

- a. Customer service is the set of activities organizationstowin and retain customers'satisfaction. Customer service includes;
- b. Giving customer information about their products and services
- c. Delivering service as per schedule Gaining confidence and trust of customer
- d. Listening to customer complaints and taking action on them
- e. Finding out new requirements of customers
- f. Endeavoring to fulfill new requirements.

4.8 Customer Attitude

Customer attitude is a person's feeling of pleasure or disappointment resulting from comparing a products perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

Delighted customers are playing role to repurchase and even spread good word of mouth, it creates an emotional bond to the company, satisfaction comes from expectation, expectation comes from past experience, friends, associations, advices, marketers and competitors' information and promises. Customers are the lifeline to any business. You simply can't afford to lose them to the open arms of your competition. Building a customer satisfaction feedback loop into your business plan can be a fast, easy way to keep the loyalty of your customers. Start asking customer satisfaction and loyalty questions as part of your marketing activities, and get the insights you need to keep your customers happy.

The difference between customer loyalty surveys and customer satisfaction surveys is that customer loyalty surveys tend to be more focused on predicting customer behavior and perceptions. When measuring customer loyalty, you can either do a stand-alone loyalty survey or incorporate customer loyalty questions into your transactional or periodic customer satisfaction surveys. The criteria of loyal customers are:

- a. Cost less to service
- b. Purchase across product lines
- c. Buy more
- d. Demonstrate immunity to the competition
- e. Demonstrate less price sensitivity

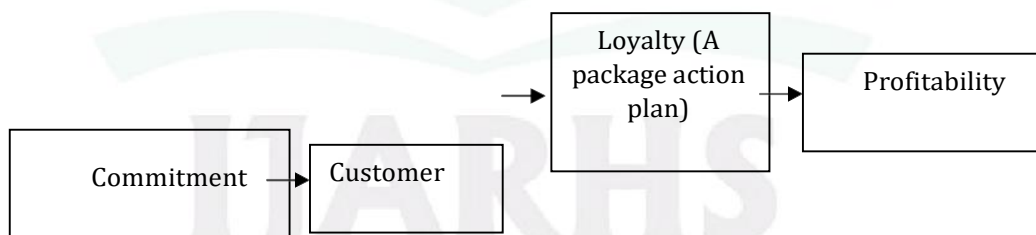
4.9 Turning Best Customers into Loyal Customers

Understanding customers is the first step. Understanding who they are and what influences in them is critical in the development of value added loyalty initiatives. Bank marketers need to gain an understanding of competitive loyalty offerings to ensure that their program can be differentiated with perceived value. Once banks have a basic understanding of their targeted customers, their choices and the competitive arena, they can begin to design their loyalty marketing program components; these components should include (Khan, 2014).

- a. Communication plan the right message delivered in the right way, selection of rewards matching customers need.
- b. Operational plan-a plan to leverage loyalty marketing technology to track customer usage and response activity and rewards.
- c. Reporting and Analysis plan-a plan to track and measure key performance objectives and analyzed against program objectives.

5. Importance of Customer Attitude and Satisfaction

The importance of customer attitude and satisfaction is not overstated. It has been said that customer is the king of the market. If an organization wants to survive in the market successfully, it has to identify the need, wants & demand of the customer properly & fulfilling those needs effectively. If they do so in the right way, the customer will be satisfied and they will act on behalf of the company which will reduce the promotional cost of an organization.



5.1 Measuring Customer Attitude and Satisfaction

Organizations need to retain existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/ or services to the market place. Customer attitude depends on the level of satisfaction. As much the customer satisfies, they will attract towards the organization. We have to measure customer satisfaction level to clearly and exactly measure the customer attitude.

Customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/ service to product/ service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other factors the customer, such as other products against which the customer can compare the organization's products.

Measures of customer satisfaction are derived via indirect & direct measures. In direct measures of customer satisfaction include tracking & monitoring customer satisfaction through changes in sales, profits & number of customer complaints registered. Direct measures of customer satisfaction are the proactive collection of customer satisfaction data through customer satisfaction surveys. The following section focuses on the use of various scales.

5.2 Reasons to Conduct Customer Attitude Surveys

There are a multitude of reasons as to why enterprises perform periodic studies of customer attitude. There are some of these motivators are given below:

- a. Enhance profits.
- b. Gain feedback from customers about products, services, and/ or support, outside of what customers provide the sales force.
- c. Improve customer satisfaction and retention.
- d. Improve quality of service.
- e. Increase market share.
- f. Increase repeat business.
- g. Obtain input on new products or service

6. Findings and Recommended of the Study

6.1 Findings

After analysis the entire question, we have come up with some special findings. The summary of findings is given below:

- a. Analysis shows that most of the customers are satisfied on account opening procedure and interest rate, transaction procedure and they feel safe in transaction.
- b. A significant number of account holders give opinion and they are not satisfied about employee's willingness to help customer. Even they don't understand the customer specific need as well.
- c. Most of the account holder gives opinion that modern looking and high-tech equipment is not satisfactory.
- d. Analysis shows that the amount of employee is not sufficient to provide prompt Customer's Service.
- e. In the analysis this study has found that most of the customers give opinion that service quality could not feel up satisfaction level. So service quality should be improved.

6.2 Recommendations

After analysis the study would like to recommend the following suggestions.

- a. Banks should pay more attention to increase the facility of consumer loan products, small loan products. More deposit schemes should be introduced to meet customer demands to stay ahead in competition and better satisfaction of customer requirements.
- b. Customers ask for more quality service especially quick, accurate service and good behavior from bankers.

- c. Employee need to know specific need of customer and should take necessary steps to solve customer problem
- d. The organization should give more attention to care about the customer reception and should use latest technology that enhances working facilities and employee should be well-trained in operating that technology.
- e. Effectively managed, customer feedback helps to create numerous opportunities for the development of interpersonal relationships between the customer and a firm's employees. So it should be improved.

7. Conclusion

The study attempted to identify the connection between customer attitudes with different services marketing mix and customer perception. From the results it was found that four (price, promotion, people, and physical evidence) out of seven elements of services marketing mixes have statistically significant relationship with customer perception. Customer service is the set of activities organizations take to win and retain customers' satisfaction. Customer service includes giving customers information about their products and services, delivering service as per schedule, gaining the confidence and trust of customers, listening to customer complaints and taking action on them, finding out the new requirements of customers, and endeavoring to fulfill those requirements. The findings of the study would help them to focus on the elements needed to be developed to have a significant positive impact on customers' perception towards the bank. Moreover, a countrywide survey among customers can be helpful to get deeper insights of the marketing activities nationwide which would help banks to survive and perform better in this intense competitive industry. At the same time, other modern banks of Bangladesh could use this model for further research to understand customer perception towards their banks which will provide them the opportunity to foster their marketing activities to survive in the competition.

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