The Marketing practices: Satisfaction leads to Loyalty – Brand Propensity of IOB Puducherry

Arunkumar V[1], Dr. S. Pougajendy[2]

[1]MBA Student, Department of Management Studies, Sri Manakula Vinayagar Engineering College (Autonomous), Puducherry.

[2]Professor, Department of Management Studies, Sri Manakula Vinayagar Engineering College (Autonomous), Puducherry.

Abstract:

This study aims to investigate the relationship between customer satisfaction and loyalty in the context of Indian Overseas Bank's (IOB) banking practices. The research employs a mixed-methods approach, combining both quantitative and qualitative data collection and analysis methods. A structured questionnaire is used to collect data from a sample of 110 customers. The study uses various statistical tools, including percentage analysis, chi-square test, ANOVA, Pearson correlation, and regression analysis, to analyses the data.

The research objectives include identifying consumer preferences towards personalization of services, finding the problems faced by customers in the bank, assessing customer satisfaction towards IOB's services, evaluating the proactive customer support provided by the bank, and examining the bank's involvement in fostering community engagement.

The study's findings are expected to provide valuable insights into the relationship between customer satisfaction and loyalty in the banking sector, and offer recommendations for IOB to improve its services and enhance customer satisfaction and loyalty. The research contributes to the existing literature on customer satisfaction and loyalty, and provides a framework for banks to develop effective strategies for improving customer relationships and loyalty.

Keywords: Significant Relationship, Banking Practices, Customer Relationships, Satisfaction Levels

1. INTRODUCTION

In today's rapidly evolving financial landscape, the Internet of Banking (IOB) represents a significant leap forward in how banking services are delivered and experienced. With the rise of digital banking platforms, institutions are not only competing to offer innovative features but are also striving to enhance the overall customer experience to build lasting relationships. Central to this pursuit is the understanding of how customer satisfaction influences brand loyalty and, consequently, the usage of banking services. The investigation titled "Satisfaction Leads to Loyalty: An Investigation of Brand Usage and Satisfaction Levels in IOB Banking Practices" aims to explore this critical nexus.

This investigation aims to delve into the specific factors that influence customer satisfaction in banking practices and how these factors drive customer loyalty. By examining elements such as the quality of customer service, the usability of digital platforms, the transparency of financial products, and the effectiveness of customer support, this study seeks to illuminate the pathways through which satisfaction

fosters loyalty.

In essence, this study highlights the integral connection between customer satisfaction and loyalty within the banking sector. By focusing on how satisfied customers are more likely to remain loyal and advocate for their bank, the investigation aims to offer actionable insights that can drive positive outcomes for both customers and financial institutions alike.

1.2 OBJECTIVES OF THE STUDY

- To find the problems faced by the customers in the bank
- To identify the customer satisfaction towards their service

REVIEW OF LITERATURE

Oliver, R. L. (1999). "Satisfaction: A Behavioural Perspective on the Consumer." Oliver's seminal work provides a foundational understanding of customer satisfaction and its role in influencing consumer behaviour.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). "The Behavioural Consequences of Service Quality." This paper discusses the relationship between service quality, customer satisfaction, and behavioural intentions. It highlights how high service quality can lead to increased satisfaction and loyalty, pertinent to the context of digital banking.

Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (1997). "The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value." The authors present the service profit chain model, linking customer satisfaction directly to loyalty and profitability.

Anderson, E., & Sullivan, M. W. (1993). "The Antecedents and Consequences of Customer Satisfaction for Firms." This study examines the antecedents of customer satisfaction and its impact on customer loyalty and firm performance, offering insights into how satisfaction drives loyalty in banking contexts.

Brown, T.J & Bitner M.J(2006). "Services Marketing." Brown and Bitner's book explore various aspects of services marketing, including how customer satisfaction and loyalty are influenced by service quality.

Colgate, M., & Lang, B. (2001). "Switching Barriers in Consumer Services: An Investigation of the Financial Services Sector." This research delves into factors that prevent customers from switching services, highlighting the role of satisfaction in fostering loyalty.

Kwortnik, R. J., & Thompson, G. M. (2009). "Unifying Service Marketing and Operations with Service Experience Management." kwortnik and Thompson introduce the concept of service experience management, emphasizing the importance of delivering consistent and satisfying experiences.

3. RESEARCH METHODOLOGY

This study employed a mixed-methods approach, combining both quantitative and qualitative data collection and analysis methods. A structured questionnaire was used to collect quantitative data from a sample of 110 customers of Indian Overseas Bank (IOB). The questionnaire consisted of 20 questions, including multiple-choice questions, Likert scale questions, and open-ended questions. The data was collected through online surveys and in-person interviews at the bank's branches..

The research objectives of the study were to identify consumer preferences towards personalization of services offered by IOB, find the problems faced by customers in the bank, assess customer satisfaction towards IOB's services, evaluate the proactive customer support provided by the bank, and examine the bank's involvement in fostering community engagement. The study's findings are expected to contribute to the existing literature on customer satisfaction and loyalty, and provide a framework for banks to deve-

lop effective strategies for improving customer relationships and loyalty.

Sampling Plan:
Population:
A population is a sampling that is typical of a broader group of individuals (or even objects) that share one or more characteristics. In order for the study's findings to fairly represent the entire community, the sample population's members must be chosen at random. The population here represents the employees working at Puducherry.

Sample:
A sample is a selection from a larger population of individuals, things, or items that are used for measurement. To enable us to extrapolate the research sample's findings to the entire population, the sample must be representative of the population. The samples are taken from the customers of Indian overseas bank.

Sample Size & Period:
110 samples were taken from the employees, and the period taken for the research is three month.

Survey method
The data was collected using a structured questionnaire designed to gather insights into Marketing practices and their balance between consistency and satisfaction of the product.

For this research, a paper-based survey was conducted with 110 customer of Indian Overseas Bank(IOB) , Puducherry. The following steps were followed:

Designing the Questionnaire: A structured questionnaire was prepared, including questions about Marketing practices, Customers flexibility, and Customers satisfaction. Both close-ended (e.g., Likert scales) and open-ended questions were included.

Direct Distribution: The researcher personally met customers across various areas and place to distribute the survey forms. This direct interaction ensured that participants understood the questions clearly.

Collection of Responses: Completed surveys were collected on the spot to avoid loss or delays.

Data Handling: Responses were manually reviewed and later digitized for analysis using statistical tools like Chi-Square, One-way Anova, Regression

4. DATA ANALYSIS AND INTERPRETATION
Chi-square
Aim:
The aim of the study is to investigate the relationship between the effectiveness of bank security measures and the frequency of service disruptions or maintenance.

Null Hypothesis (Ho):
There is no significant relationship between the effectiveness of bank security measures and the frequency of service disruptions or maintenance.

Alternative Hypothesis (H1):
There is a significant relationship between the effectiveness of bank security measures and the frequency of service disruptions or maintenance.

Crosstabulation						
Count						
		Service disruptions or maintenance				Total
		very effective	effective	neutral	ineffective	
Bank security measures	very effective	8	15	4	4	31
	effective	12	9	17	3	41
	neutral	6	5	10	2	23
	ineffective	2	7	3	3	15
Total		28	36	34	12	110

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.942a	9	0.093
Likelihood Ratio	15.585	9	0.076
Linear-by-Linear Association	1.407	1	0.236
N of Valid Cases	110		
a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is 1.64.			

Interpretation

The crosstabulation explores the relationship between service disruptions or maintenance and perceptions of bank security measures. The Pearson Chi-Square value (14.942) with a p-value of 0.093 suggests the relationship is not statistically significant at the 5% level. Similarly, the likelihood ratio (p-value = 0.076) supports this conclusion. The linear-by-linear association (p-value = 0.236) indicates no significant trend between the variables. However, 43.8% of the cells have expected counts below 5, which may impact the test's reliability. This analysis shows no strong evidence of an association between service disruptions and perceptions of bank security measures.

Anova

Aim: To determine if there are significant differences in customers' likelihood to recommend the bank to friends across different groups.

Null Hypothesis (H₀): There is no significant difference in the mean likelihood of recommending the bank to friends across the groups.

$H_0: \mu_1 = \mu_2 = \mu_3 = \mu_4$ (Group means are equal)

Alternative Hypothesis (H₁): At least one group mean is significantly different from the others.

$H_1: \mu_i \neq \mu_j$ for at least one pair (Not all group means are equal)

Table 2: Showing a Anova Analysis

ANOVA					
Recommend our bank to friends					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.858	3	0.953	1.572	0.2
Within Groups	64.232	106	0.606		
Total	67.091	109			

Interpretation

The ANOVA results examine differences in responses regarding recommending the bank to friends across various groups. The F-value (1.572) with a p-value of 0.200 indicates that there is no statistically significant difference between the group means at the 5% significance level. This suggests that the factor being analyzed does not have a meaningful impact on customers' likelihood to recommend the bank to their friends. The variation within groups (Mean Square = 0.606) is relatively consistent compared to the variation between groups (Mean Square = 0.953).

Regression

Aim: The aim of the study is to investigate the relationship between the overall quality of service provided by the bank and the personalized banking services.

Null Hypothesis (Ho): There is no significant positive correlation between the overall quality of service provided by the bank and the personalized banking services.

Alternative Hypothesis (H1): There is a significant positive correlation between the overall quality of service provided by the bank and the personalized banking services.

Table 3: Showing Regression Analysis

Correlations			
		Overall quality of service provided by the bank	Personalised banking services
Pearson Correlation	Overall quality of service provided by the bank	1	0.031
	Personalised banking services	0.031	1
Sig. (1-tailed)	Overall quality of service provided by the bank	.	0.373
	Personalised banking services	0.373	.
N	Overall quality of service provided by the bank	110	110
	Personalised banking services	110	110

Co-efficient						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.715	0.165		10.369	0
	Personalised banking services	0.019	0.058	0.031	0.325	0.746

Interpretation

The regression analysis shows that personalized banking services have a very small positive effect on the overall quality of service (B = 0.019). However, the p-value (0.746) is much greater than 0.05, indicating that this effect is not statistically significant. The standardized beta coefficient (0.031) further supports the

minimal impact. The model's constant (1.715) represents the baseline level of overall service quality when personalized banking services are zero.

FINDINGS:
CHI-SQUARE

The analysis of the relationship between the overall quality of service provided by the bank and the common issues faced by customers revealed no significant correlation between the two variables. The Chi-square test results showed a p-value of 0.896, indicating that the type of issue faced by customers, whether long wait times, difficulty accessing online services, poor customer service, or unresolved transaction issues, does not strongly influence their overall satisfaction with the bank's service. This suggests that the bank should address all reported issues comprehensively, as none disproportionately impact satisfaction.

RESULT

The chi-square test results indicate that there is no significant relationship between the effectiveness of bank security measures and the frequency of service disruptions or maintenance. The Pearson Chi-Square value was 14.942 with a p-value of 0.093, which is above the conventional significance level of 0.05. This means we fail to reject the null hypothesis, suggesting that the effectiveness of bank security measures does not have a statistically significant impact on the frequency of service disruptions or maintenance. Similarly, the likelihood ratio test (p-value = 0.076) and the linear-by-linear association test (p-value = 0.236) further support the conclusion that there is no strong evidence of a meaningful relationship between these two variables. However, it is important to note that 43.8% of the cells in the contingency table had expected counts below 5, which violates an assumption of the chi-square test and may affect the reliability of these results. Therefore, while the statistical tests suggest no significant association, the results should be interpreted cautiously.

ANOVA

The ANOVA analysis revealed that there is no statistically significant difference in customers' likelihood to recommend the bank to friends across different groups. The F-value of 1.572 with a p-value of 0.200 indicates that the variation between groups is not significant at the 5% significance level. This suggests that the factor being analyzed does not have a meaningful impact on customers' likelihood to recommend the bank to their friends. The results also indicate that the variation within groups (Mean Square = 0.606) is relatively consistent compared to the variation between groups (Mean Square = 0.953). Overall, the findings suggest that customers' likelihood to recommend the bank to friends is not influenced by the factor being analyzed.

RESULT

The ANOVA results revealed no statistically significant difference in customers' likelihood to recommend the bank to friends across different groups. The F-value of 1.572, with a p-value of 0.200, indicates that the group means are not significantly different from each other. Therefore, the null hypothesis that there is no significant difference in the mean likelihood of recommending the bank to friends across the groups cannot be rejected.

REGRESSION

The regression analysis revealed that personalized banking services have a very small positive effect on the overall quality of service provided by the bank. However, this effect is not statistically significant, as indicated by the p-value of 0.746, which is greater than 0.05. The standardized beta coefficient of 0.031 further supports the minimal impact of personalized banking services on overall service quality. The results suggest that personalized banking services do not have a significant influence on customers' perceptions of the overall quality of service provided by the bank.

RESULT

The regression analysis revealed a non-significant positive relationship between the overall quality of service provided by the bank and the personalized banking services. The coefficient (B = 0.019) indicates a very small positive effect, but the p-value (0.746) is greater than 0.05, indicating that this effect is not statistically significant. Therefore, the null hypothesis that there is no significant positive correlation between the overall quality of service provided by the bank and the personalized banking services cannot be rejected.

CONCLUSION:

This study aimed to investigate the relationship between customer satisfaction and loyalty in the context of Indian Overseas Bank's (IOB) banking practices. The results of the study revealed that there is no significant relationship between the overall quality of service provided by the bank and the common issues faced by customers. Additionally, the study found that there is no statistically significant difference in customers' likelihood to recommend the bank to friends across different groups. Furthermore, the regression analysis revealed that personalized banking services have a very small positive effect on the overall quality of service provided by the bank, but this effect is not statistically significant.

The findings of this study suggest that IOB should focus on addressing all reported issues comprehensively, as none disproportionately impact satisfaction. Additionally, the bank should prioritize improving the overall quality of service, rather than focusing on personalized banking services. The study's results also highlight the importance of understanding customer needs and preferences in order to develop effective strategies for improving customer relationships and loyalty.

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