SERVICE QUALITY AND WORD OF MOUTH PUBLICITY IN BANKING SERVICES AMONG SBI, HDFC AND STANDARD CHARTERED BANKS IN CENTRAL KERALA

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ABSTRACT

Services quality and word of mouth publicity are positively correlated concepts, where the former contributes towards the latter. Service quality mentions about the perfect comparison between the expectations and actual performance in terms of the output and finally promotes to favourable word of mouth with positive opinions about the availed services. The purpose of this paper is to understand, summarize and highlight the current research work in the area of word-of-mouth (WOM) along with the existing gaps in the literature. This study is mainly an analytical work about the role and influence of service quality in facilitating favourable mouth publicity in banking services. The key selected banks in nationalized, private and foreign ownership segments are State bank of India, Housing Development Finance Corporation (HDFC) and Standard Chartered banks respectively from Ernakulam district of central Kerala. The sample bank customers were selected based on researcher's convenience and judgemental basis as the frequency of foreign bank customers is high in Ernakulam town of central Kerala. Primary data were collected through a Likert scale google form questionnaire. The results revealed that customers having length of relationship above ten years are more strongly bonded with their organization of availing banking services and length of relationship differ significantly in customer bonding. Findings also convey that customer's willingness to express positive word of mouth depends on customer bonding.

Keywords: Service quality, Word of mouth, Publicity, Financial services, customer bonding

I. INTRODUCTION

Quality tends to play an essential role in service industries such as banking services, as quality of service is crucial to count for the survival and profitability of the organization. Today, customer satisfaction and service quality is critical in most service industries. Taking into consideration the competitive issues from observing services quality, the subject also in the banking industry is important based on administrative reform plan, which is required to provide quality services and meet customer's demands. Nowadays, many

organizations face with the challenges in providing reliable service quality. Service quality is an essential factor for sustainable growth of organizations. The intense competition leads the service quality to become a key determinant for the success and for the survival of organizations. In fact, we live in a customer-oriented economy where the customer has the right to choose (Eboli & Mazzulla, 2007). So all organizations are looking to absorb customers and increase their customer satisfaction. Customer satisfaction and perceptions influence future behaviour and an increase on customer satisfaction will improve organizational performance. Word of mouth advertisement plays essential role on the formation of attitudes in purchasing decisions and reducing the risk associated with many purchasing decisions.

II. REVIEW OF LITERATURE

Haj Karimi et al., (2009), Service quality has been considered as the most important factor determining the success of service organizations in today's competitive environment. Any decline in customer satisfaction due to the poor quality of service may create various concerns for service organizations. Customers become more sensitive to service standards and with competitive trends, their expectations of service quality have also increased.

Othman & Owen, (2001), Service quality is described as the degree of difference between the perceptions and expectations of the customers from services. Service quality is considered as one of the effective ways to achieve strategic interests, such as customer retention rates or increased effectiveness and operating profit gain.

(Hashemzadeh, 2009), Perceived service quality is defined as the consumer's judgment about being supreme of an entity or "excellence" and is different from objective quality, which includes an objective or structural aspects of a thing or an event. Perceived quality is a sort of an attitude associated with satisfaction and it is a result of the comparison between expectations and perceptions of performance rather than the same.

(Paulin et al, 2006), Customer satisfaction is assessed based on the extent to meet his/her needs. The extent to meet customer needs also depends on the quality of goods and services. In other words, the quality is the same as features and characteristics that must be present in the goods and services to satisfy the needs. Customer satisfaction is the degree of acceptance whereby customer acquires because of different characteristics of goods and it is a source of profitability and the reason for the organization's activities

(Bush et al., 2005), Word of mouth or "Buzz marketing" is still considered as an important marketing element. Previous studies indicate that word of mouth can be a significant impact on consumer buying behaviour and their satisfaction of products and services. In addition, consumers tend to trust more to get personal information.

(**Kotler and Armstrong, 2013**)**,** Customer satisfaction is obtained when the performance of the company can meet customer expectations. If performance is below expectations, customer will dissatisfied and if the performance is equal to expectations, he/she will be satisfied. If performance is more than expected, he/she will be very pleased and satisfied

III. SIGNIFICANCE OF STUDY

Quality of services provided by an institution is the primary factor behind its successful operations and the reason behind the delighted customers. The highly satisfied customers will engage in better mouth to mouth publicity and on the other hand if the services rendered are not up to the mark it also results in unfavourable competitive situation. The level of satisfaction and intimacy of consumers is highly influenced by the marketing efforts in unpaid and non-deliberate mode in the way of word of mouth publicity. Consumers will provide better word of mouth only if they are found be extremely satisfied with the services and products of a lender. This satisfaction actually helps in retaining the present consumers and grabbing new consumers. Banking sector in our country is tremendously exploring new horizons of life day by day. The customer response is also making linear relationship with that of innovations in present financial service sector in our economy. As a result an enquiry about the channels of its publicity is of vital importance. This paper is an attempt to search for existing and new manners of mouth publicity and is also capable of creating awareness among customers of various services provided by three categories of banking institutions based on the ownership type. Hence this study is found to be with much greater significance.

IV. OBJECTIVES OF THE STUDY

1. To evaluate the factors that results in better service quality and positive word of mouth publicity about the services and care provided by the bank branch.

2. To identify whether there is any bank wise and customer group wise on the basis of income and tenure of relationship difference exist in the readiness to express positive word of mouth and in suggesting their home bank branch to other friends or relatives.

3. To evaluate the relationship between customers levels of satisfaction regarding inter personal bonding and customized communication with the willingness to express positive word of mouth opinion about their bank.

4. To identify whether the positive word of mouth expressed by others influence the customers in availing products and financial services of the bank and to what degree it has influenced the customer bonding.

V. HYPOTHESES

H 1: Willingness to express positive word of mouth depends on the level of customer bonding.

H 2: Customer bonding is similar among customers of different banks.

H 3: Customer bonding is similar among customers having different length of relationship with the bank.

VI. METHODOLOGY

The study is primarily an analytical type of research and is purely based on primary data. A sample survey is undertaken to complete the research, through a structured questionnaire method of data collection. Primary data was collected from the three well known banking institutions, one each from nationalized, private and foreign segment. Thus State bank of India, Housing Development Finance Corporation (HDFC) and Standard Chartered banks in Ernakulam district were chosen respectively from nationalized, private and foreign ownership sectors. Sample survey was performed among 150 respondents availing the financial services of the three banking groups. Convenience sampling was adopted in selecting the sample units along with judgment sampling to select Ernakulam town branches on the basis of customers having higher frequencies of accounts in foreign banks. A structured questionnaire was adopted as research instrument having two main parts. Part A consists of thirteen demographic variable questions and part B includes five scaling instruments rated on a five point Likert scale instrument. A pilot study was conducted with 50 respondents from Ernakulam town and the reliability of the scaling statements in questionnaire were validated using Cronbach's alpha reliability test. Those statements below the reliability value of 0.7 were later modified and some were eliminated from the initially developed instrument. Data was collected through schedule method and also adopted google form questionnaire method. Five point Likert scale was used for collecting and measuring data regarding word of mouth publicity opinions, level of consumer satisfaction with regard to inter personal bonding. For analysis and interpretation of data, statistical tools like ANOVA and regression were applied along with measures of dispersion and central tendency

VII. SCOPE & LIMITATIONS OF STUDY

This research is purely based on primary survey inputs and thus the inborn limitations of a sample survey may affect the study. The area of the study is limited towards Ernakulam district of central Kerala. Majority of the respondents of foreign banks were selected from town branches only. Only one each representation of banks were selected from nationalized, private and foreign sector and the sample size is fixed as 150 where the adequacy of sample size is not mathematically or technically proven. Respondent bias may affect the survey and cause slight variability in the results. Since convenience and researcher's judgement was applied, the sample may not be cent percent representative of the population.

VIII. DATA ANALYSIS AND INTERPRETATION

Table 1: Ranking of factors influencing service quality & positive word of mouth

Statements	Minimum	Maximum	Mean	Rank
Facilities and services provided by the bank	1	5	4.52	1
Availability to innovative services and products	1	5	4.52	1
Fair approach and good behaviour of staff	1	5	4.29	2
Technology and sophistication applied	2	5	4.27	3
Atmosphere within the home branch	1	5	4.27	3
Quality services by the bank	2	5	4.13	4
Personal attachment with the home branch	1	5	4.07	5
Economical service charges	2	5	3.91	6

Impressive caring approach by staff	1	5	3.87	7
Extended hours of services	1	5	3.01	8

Source: Primary Survey

The above table shows the descriptive statistics of various aspects of word of mouth publicity in the way of factors that influenced the respondents to speak good words. Minimum and maximum columns show the least and the highest rating given by any one customer regarding each factor. The average scores of different factors ranges in between 4.52 and 3.01. Since the average score in case of two factors namely facilities provided by the bank and availability to services is the maximum with 4.52 out of 5, they are treated as the most important factors influencing word of mouth and service quality.

Table 2: Measurement of word of mouth publicity

Statements	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	N	N	N	N	N
I use to share my best experiences with friends and others	4	2	7	36	101
If someone speaks against the bank, I use to correct them	15	9	20	58	48
I feel happy to share my good experiences with outsiders than the unfair moments	10	8	12	68	52
I will recommend my bank to my friends, relatives and others	2	2	10	80	56

Source: Primary Survey

The above table shows the degree of agreement towards the statements so as to measure positive word of mouth. It can be clearly interpreted that majority of the respondents of the survey strongly agree or agree with the statements and this leads to the interpretation that all these factors contribute to positive word of mouth about their banking branch services.

Table 3: Income wise averages of respondent willingness to express positive word of mouth

Monthly income	Mean	N	Standard Deviation
Below Rs. 20 000	4.02	65	0.55
Rs. 20 000 to 50 000	4.11	55	0.59
Above Rs. 50 000	4.45	30	0.43
Total	4.15	150	0.57

Source: Primary Survey

The average score of customers with different levels of monthly income are presented in the above table. The average scores are very close to 4 which reveals that almost equal proportion of customers with different income are willing to express positive word of mouth regarding the service quality.

Table 4: Bank wise averages of respondent willingness to express positive word of mouth

Primary Bank	Mean	N	Standard Deviation
State bank of India	4.01	69	0.60
HDFC	4.45	43	0.41
Standard chartered Bank	4.26	38	0.58
Total	4.17	150	0.56

Source: Primary Survey

The average score of consumers according to the bank groups are presented in the above table. The maximum average score is 4.45 which is represented by the respondents of HDFC bank and shows that the consumers are highly willing to express positive word of mouth than any other group and the average score is least in case of SBI with 4.01. Even though the number of respondents is higher in case of State bank of India but still the respondents of HDFC banking group are willing to express much higher mouth publicity.

Table 5: Length of relationship of respondents with bank to express positive word of mouth

Relationship Length	Mean	N	Standard Deviation
Below 2 years	3.85	17	0.45
2 - 5 years	4.19	71	0.57
5 - 10 years	4.15	38	0.59
Above 10 years	4.27	24	0.57
Total	4.10	150	0.57

Source: Primary Survey

The average score of the consumers according to the length of relationship with the bank are presented in the above table. The maximum average score is 4.27 which is represented by the respondents having the length of relationship with the bank for above 10 years and the average score is least in case of respondents having length of relationship below 2 years with a score of 3.85. It can also be clearly understood that higher the tenure of relationship higher is the readiness to express positive word of mouth and the degree of readiness to express positive mouth publicity decreases as the length of relationship decreases and it can be interpreted that the readiness is high in case of customers having the length of relationship for more than 10 years with their bank branch.

Hypothesis – 1: Dependence of mouth publicity on Customer Bonding

H 0: Readiness to express positive word of mouth depends on the level of customer bonding
H 1: Readiness to express positive word of mouth does not depend on customer bonding

Table 6: Dependence of Mouth publicity on Customer Bonding

Model	R	R^2	Adjusted R^2	Standard Error
1	0.184[a]	0.034	0.027	0.562

Source: Primary Survey

The above table shows the coefficient of correlation between the variables word of mouth and customer bonding, and its r^2 value. The coefficient of correlation is 0.184 and r^2 as 0.034, indicating that there is only very little correlation between these two variables and low r^2 value indicates that 4.4 percent of the change in the word of mouth is being influenced by customer bonding.

Table 7: ANOVA – Dependence of word of mouth on customer bonding

Model	Source of Variation	Sum of Squares	Degree of Freedom	Mean Square	F -Ratio	Significance
	Regression	1.621	1	1.621	5.128	0.025[a]
1	Residual	46.148	146	0.316		
	Total	47.769	147			

Source: Primary Survey

The above table shows the statistics regarding the model fitness of the regression model proposed. Since the significance value is less than criterion value 0.05, the null hypothesis is rejected. It indicates that, even though the r^2 value is little, the dependence of word of mouth publicity on customer bonding is significant.

Table 8: Bank Wise averages of customer bonding

Primary Hospital	Mean	N	Standard Deviation
State bank of India	4.27	66	0.58
HDFC	4.30	47	0.57
Standard chartered bank	4.26	37	0.53
Total	4.27	150	0.56

Source: Primary Survey

The average score of customers of different hospitals are presented in the above table. The maximum average score is 4.30 which is represented by the respondents of HDFC bank and this shows that customer bonding is high in case of consumers of HDFC and the minimum average score is 4.26 which is represented by the consumers of Standard chartered bank .

Hypothesis – 2: Bank wise perception towards customer bonding

H 0: Customer bonding is similar among customers of different banks.
H 1: Customers of different bank differ in customer bonding

Table 9: ANOVA – Significance based on most desired bank of respondents

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	F – Ratio	Significance
Between Groups	0.195	2	0.097	0.298	0.743
Within Groups	48.073	147	0.327		
Total	48.268	149			

Source: Primary Survey

Significance value is found to be 0.743, since it is more than 0.05 the null hypothesis is accepted. Thus customers of different bank have similar customer bonding. Customer bonding is high in case of consumers of HDFC bank when compared to the respondents of other banks but still since the average scores are very close to 4 which reveals that almost equal proportion of consumers with different banks have similar bonding.

Table 10: Length of relationship wise averages of customer bonding

Length of relationship	Mean	N	Standard Deviation
Below 2 years	3.97	17	0.49
2 - 5 years	4.25	69	0.57
5 - 10 years	4.30	39	0.50
Above 10 years	4.49	25	0.61
Total	4.27	150	0.56

Source: Primary Survey

The average score of customers according to the length of relationship are presented in the above table. The maximum average score is 4.49 which is represented by respondents having the length of relationship with the bank for above 10 years and the average score is least in case of respondents having length of relationship below 2 years with a score of 3.97.

Hypothesis – 3: Length of relationship wise customer bonding

H 0: Customer bonding is similar among customers having different length of relationship with the bank.
H 1: Customers with different length of relationship differ in customer bonding.

Table 11: ANOVA – Significance based on length of relationship

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	F – Ratio	Significance
Between Groups	2.794	3	0.931	2.990	0.033
Within Groups	45.474	146	0.311		
Total	48.268	149			

Source: Primary Survey

Significance value is 0.033, since the significance value is less than 0.05 the null hypothesis is rejected. Thus customers with different length of relationship with bank will differ in customer bonding. It is revealed that higher the length of relationship higher is the customer bonding and the degree of customer bonding decreases as the length of relationship decreases. Moreover ANOVA here reveals that customers with different length of relationship differ in customer bonding.

IX. FINDINGS AND SUGGESTIONS

- The importance of factors influencing positive word of mouth publicity was analysed on the basis of average score of various factors rated by the respondents on a five point scale. Average scores of not even a single factor is not below 3. This reveals that all the factors had highly influenced majority of the consumers availing services in expressing positive word of mouth publicity and service quality.
- Availability of quality services, facilities and commodities provided by the concerned bank group, superior technology are highly rated by the respondents and had significantly influenced the consumers to speak positive mouth of command.
- Availability to innovative services and products also influenced the customers of banks to have better word of mouth about their bank branch.
- Consumers having the higher income have expressed maximum willingness to express positive mouth of publicity than any and the average score is least in case of consumers with the lowest income level with a standard deviation of 0.55.
- Average positive word of mouth publicity in case of HDFC bank group is the highest with 4.45 on a five point Likert scaling and hence it is clear that HDFC bank enjoys a better position when compared to Standard chartered bank and State bank of India.
- Findings reveal that higher the length of relationship with the primary banking service provider, higher will the readiness or willingness to express positive word of mouth publicity. Similarly the magnitude of willingness to express mouth publicity decreases as with the decrease in relationship tenure with the concerned bank branch.
- Average customer bonding measured on a five point scaling shows that Housing Development Finance Corporation (HDFC) is enjoying a competitive advantage over State bank of India (SBI) and Standard Chartered bank.

- Results also depicts that the difference in customer bonding in between the bank groups is not significant, even though Housing Development Finance Corporation (HDFC) makes some better edge on customer bonding.
- Consumers with tenure of relationship for more than 10 years with the financial service providers are found to be thickly bonded with concerned banking groups.
- Consumer's willingness to express positive word of mouth communication or publicity depends on customer bonding and with different length of relationship differ significantly in customer bonding.

X. SUGGESTIONS

Customer's positive publicity about their bank groups depends on the quality of services and the approach of the frontline staff. Hence the management board must provide the most innovated updates in technology and with well-equipped machines and tools for supporting services. The top management and board of directors must consider the relevance of present person to person communication power and recognize its unpaid magic to attract customers and thereby increasing profitability. Therefore the services and products must be designed only after making much consideration and planned efforts to maintain better mouth publicity for all the time. Also the front line staff who makes time to time interactions with the direct consumers shall be better trained and suited enough for enhanced quality and efficiency.

XI. CONCLUSION

The present study was an attempt to understand the bank customer perceptions of service quality and satisfaction in Ernakulam district of central Kerala. This study investigated the relationship of two major effective factors of banking services namely quality of services provided and its impact on positive word of mouth publicity. Due to increasing competition between providers of banking services and new forms of online communication, the word of mouth communication concept will gain importance. Banking groups must realise that there is or will be a publicity war with respect to the banking services provided by them. As the sector related to banking and financial services gain much significant status in our country and economy, anything happening related to the segment will seriously affect the existence of firms depending on such sectors. So the management groups must make relevant care and action day to day for the effective smooth run during all the time. To the best of my knowledge, this would be a study that assesses the current state of service quality and word of mouth publicity research in the banking and financial services sector.

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