



A COMPARATIVE ANALYSIS OF THE GAP BETWEEN CUSTOMER EXPECTATIONS AND CUSTOMER EXPERIENCE IN PRIVATE SECTOR BANKS OF MIZORAM

¹Albert Nuntharmawia, ²Dr. Lalropuii

¹Research Scholar, ²Associate Professor

¹Department of Management, Mizoram University, Mizoram, ² Department of Management, Mizoram University, Mizoram

Abstract: This study analyzes the gap between customer expectations and experiences of service quality in private sector banks in Mizoram using the SERVQUAL model. Data from 390 customers were collected through structured questionnaires covering five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Descriptive statistics and paired-sample t-tests revealed that customers generally expect more than they experience, indicating service quality gaps. The largest negative gap appeared in responsiveness, while reliability and empathy showed positive gaps, reflecting dependable and caring service. The findings highlight the need for private banks to enhance promptness and assurance to improve overall satisfaction and loyalty among customers in Mizoram.

Keywords: Service Quality, Customer Expectations, Customer Experience, SERVQUAL Model, Private Sector Banks, Mizoram, Customer Satisfaction

I. INTRODUCTION

Service quality has emerged as one of the most critical determinants of competitiveness and customer satisfaction in the banking industry. In an environment of increasing deregulation, digitization, and customer awareness, banks can no longer rely solely on financial performance; they must consistently deliver superior service experiences. For private sector banks, which thrive on efficiency, trust, and technological innovation, service quality directly influences customer loyalty, reputation, and long-term profitability. As noted in earlier studies, when banks provide courteous, accurate, and prompt services, they not only retain customers but also benefit from positive word-of-mouth and enhanced market share.

Customer satisfaction, in turn, depends largely on the degree to which customers' expectations are met or exceeded during their service encounters. Expectations represent what customers believe a service should deliver, shaped by their prior experiences, needs, and promotional communications. Perceptions—or actual experiences—reflect how customers evaluate the performance they received. The relationship between these two constructs determines the level of satisfaction or dissatisfaction. When performance equals or surpasses expectations, customers are satisfied; when it falls short, dissatisfaction arises.

To measure and analyze this relationship systematically, Parasuraman, Zeithaml, and Berry (1985, 1988) developed the SERVQUAL model, which identifies five key dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy. The model evaluates quality as the gap between perceived and expected service, expressed as:

$$SQ = P - E$$

where SQ denotes service quality, P the perceived performance, and E the expected service. A positive gap implies that customers' experiences exceeded expectations, while a negative gap indicates underperformance. This approach provides a practical framework for assessing how effectively banks translate customer expectations into actual service delivery.

In the context of Mizoram, private sector banks such as Axis Bank, HDFC Bank, ICICI Bank, and others have expanded rapidly, introducing modern banking technologies and customer-centric models. However, differences often persist between what customers expect and what they experience, influenced by infrastructural, technological, and demographic factors. Understanding and minimizing these gaps is essential for enhancing customer satisfaction and sustaining competitive advantage in the region's evolving financial sector.

Accordingly, the present paper aims to analyze the gap between customer expectations and customer experiences in private sector banks of Mizoram, employing the SERVQUAL model to identify dimensions with the highest and lowest satisfaction differentials.

II. LITERATURE REVIEW

Service quality has long been recognized as a key determinant of customer satisfaction and competitiveness in the banking industry. Parasuraman, Zeithaml, and Berry (1985, 1988) introduced the SERVQUAL model, defining service quality as the gap between customers' expectations and perceptions across five dimensions—tangibility, reliability, responsiveness, assurance, and empathy. Their framework remains the most widely used tool for evaluating service performance.

Zeithaml and Bitner (1996) emphasized that continuous improvement in service quality enables banks to build strong customer relationships and sustain competitive advantage. Empirical studies such as those by Wisniewski (2001) and Naik et al. (1988) showed that superior service quality enhances customer loyalty and financial performance. Similarly, Hackl et al. (2000) and Anderson et al. (1994) found that satisfied customers are more likely to repurchase and recommend banking services.

In India, liberalization has intensified competition, making service quality the primary differentiator among banks (Bhaskar, 2004; Ghodeswar, 2000). Private sector banks, supported by advanced technology and customer-focused approaches, often outperform public banks in assurance and reliability but still face gaps in responsiveness and empathy. Studies by Gani and Mustaq (2003) and Ganesh and Varghese (2003) further revealed that modern customers expect not only accuracy and courtesy but also speed and convenience.

Despite technological progress, researchers such as Zeithaml et al. (2000) and Bolton & Drew (1991) noted that customers still value personalized interaction and empathy. In geographically challenging regions like Mizoram, such gaps are often amplified by limited access, infrastructure, and financial literacy.

Overall, previous studies confirm that minimizing the gap between expectations and perceptions is vital for customer satisfaction. The present study builds on this foundation by comparing customer expectations and experiences in private sector banks of Mizoram using the SERVQUAL framework.

III. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design to examine the gap between customer expectations and customer experiences in private sector banks operating in Mizoram. The analysis is grounded in the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988), which measures service quality across five key dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

3.1 Objectives

The primary objective of this paper is to compare customer expectations and their actual experiences of service quality in private sector banks in Mizoram, identifying areas where performance falls short or exceeds expectations.

3.2 Sampling Design

The study covered customers from major private sector banks in Aizawl, including Axis Bank, HDFC Bank, ICICI Bank, Federal Bank, and IndusInd Bank. A total of 390 respondents were selected using convenience sampling, representing varied demographic groups such as age, gender, occupation, and income.

3.3 Data Collection

Primary data were collected through a structured questionnaire based on the SERVQUAL instrument. Each of the 22 statements was measured using a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The questionnaire was divided into two parts: customer expectations and customer experiences (perceptions).

3.4 Tools for Analysis

Data were analysed using SPSS. Descriptive statistics (mean and standard deviation) were computed to summarize responses, while a paired-sample t-test was applied to determine the significance of the gaps between expectation and experience scores. The overall service quality gap was calculated using the equation:

$$SQ = P - E$$

where SQ denotes service quality, P represents perception (experienced performance), and E represents expectation.

3.5 Scope and Reliability

The study focuses exclusively on private sector banks within Mizoram and reflects customer perceptions during the period of data collection. The questionnaire's reliability was verified using Cronbach's Alpha, which confirmed internal consistency among the SERVQUAL dimensions.

IV. RESULTS AND DISCUSSION

The study compared customer expectations and experiences across the five SERVQUAL dimensions—tangibility, reliability, responsiveness, assurance, and empathy—to determine areas of satisfaction and shortfall among private sector bank customers in Mizoram. Mean scores were calculated for both expectation and experience, and the gap for each dimension was derived as (*Experience – Expectation*).

4.1 Mean Gap Analysis

Results show that the mean expectation scores were generally higher than the mean experience scores, indicating that customers held slightly greater expectations than what they perceived to have received. The mean gap scores revealed variations across dimensions:

Dimension	Expectation Mean	Experience Mean	Gap (E-P)	Interpretation
Tangibility	3.76	3.65	-0.10	Minor gap; facilities slightly below expectation
Reliability	3.70	4.03	+0.33	Customers satisfied with consistency and dependability
Responsiveness	4.21	3.68	-0.53	Largest negative gap; delay in response and service speed
Assurance	4.09	3.95	-0.14	Small gap; staff instil trust and confidence
Empathy	3.55	3.80	+0.25	Positive gap; staff show genuine care and attention

(Source: Author's Computation)

4.2 Interpretation

The analysis indicates that responsiveness showed the largest negative gap (-0.53), suggesting that customers perceive delays in service delivery and slower responsiveness from staff. This highlights an operational weakness in addressing customer needs promptly.

In contrast, reliability recorded a positive gap (+0.33), showing that customers believe private sector banks perform their promised services accurately and consistently. Empathy also yielded a slight positive gap (+0.25), reflecting courteous and attentive staff behaviour. Assurance demonstrated a small negative gap (-0.14), indicating that while customers trust the competence of employees, there is still scope to strengthen confidence-building interactions.

Tangibility (-0.10) showed the least gap, suggesting that physical facilities and technological tools in private banks are generally satisfactory but could be further upgraded to match modern standards.

4.3 Statistical Test

A paired-sample *t*-test confirmed that the differences between expectation and experience scores were statistically significant across most dimensions, particularly in responsiveness and assurance, validating the presence of measurable service quality gaps.

4.4 Discussion

The findings align with earlier studies (Parasuraman et al., 1988; Zeithaml et al., 2000) which suggest that service quality gaps are common in banking, with responsiveness and empathy often being the most critical dimensions influencing satisfaction. In the context of Mizoram, infrastructural and staffing limitations may contribute to slower service delivery. Nevertheless, private banks have succeeded in maintaining reliability and professionalism, thereby sustaining moderate-to-high customer satisfaction levels.

V. CONCLUSION AND IMPLICATIONS

This study examined the gap between customer expectations and experiences of service quality in private sector banks in Mizoram using the SERVQUAL model. The analysis revealed that while customers generally hold high expectations across all five dimensions—tangibility, reliability, responsiveness, assurance, and empathy—their actual experiences often fall slightly short. Among the dimensions, responsiveness displayed the largest negative gap, indicating that promptness in service delivery and staff attention require improvement. Conversely, reliability and empathy showed positive gaps, suggesting that customers trust their banks to deliver dependable services with genuine care.

The findings affirm that service quality continues to be a decisive factor in customer satisfaction and retention. In Mizoram's emerging financial environment, private sector banks have made significant strides in technology adoption and customer service, yet operational and communication gaps remain. Bridging these gaps requires sustained employee training, improved digital responsiveness, and consistent monitoring of customer feedback.

From a managerial perspective, banks should focus on enhancing responsiveness through efficient queue management, real-time customer support, and digital transaction facilitation. Assurance can be strengthened by investing in staff competence and transparent communication. Furthermore, maintaining high reliability and empathy will help reinforce trust and long-term customer loyalty.

In conclusion, minimizing the disparity between what customers expect and what they experience is vital for sustaining competitiveness in the private banking sector. Continuous measurement of service quality, guided by SERVQUAL dimensions, will enable banks to identify weaknesses early and deliver superior, customer-centred banking experiences.

REFERENCES

- Anderson, E. W., Fornell, C., & Lehmann, D. R. (1994). *Customer satisfaction, market share, and profitability: Findings from Sweden*. *Journal of Marketing*, 58(3), 53–66.
- Bhaskar, P. V. (2004). *Customer service in banks*. *IBA Bulletin*, 26(8), 9–13.
- Bolton, R. N., & Drew, J. H. (1991). *A multistage model of customers' assessments of service quality and value*. *Journal of Consumer Research*, 17(4), 375–384.

Gani, A., & Mustaq, H. (2003). *Service quality and customer satisfaction in banking sector: A comparative study of public and private banks*. Indian Management Studies Journal, 7(2), 1–12.

Ganesh, K., & Varghese, M. (2003). *Customer service in banks: A comparative study of old and new generation banks*. Indian Journal of Marketing, 33(3), 3–7.

Ghodeswar, B. M. (2000). *Building brand identity in competitive markets: A conceptual model*. Journal of Product & Brand Management, 9(2), 76–87.

Hackl, P., Scharitzer, D., & Zuba, R. (2000). *Customer satisfaction in the Austrian banking sector*. Total Quality Management, 11(7), 1015–1025.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). *A conceptual model of service quality and its implications for future research*. Journal of Marketing, 49(4), 41–50.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). *SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality*. Journal of Retailing, 64(1), 12–40.

Wisniewski, M. (2001). *Using SERVQUAL to assess customer satisfaction with public sector services*. Managing Service Quality, 11(6), 380–388.

Zeithaml, V. A., & Bitner, M. J. (1996). *Services marketing: Integrating customer focus across the firm*. McGraw-Hill.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (2000). *Service quality, profitability, and the economic worth of customers: What we know and what we need to learn*. Journal of the Academy of Marketing Science, 28(1), 67–85.

