Original Research Paper

Commerce

A STUDY ON CUSTOMER SATISFACTION ON MARKETING OF FINANCIAL SERVICES IN INDIA

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ABSTRACT

Customer Satisfaction is an ambiguous and concept the actual manifestation of the state of Satisfaction will vary from persons to persons service to service. The purpose of this paper is not a loose ended stand alone piece, on this part on International Markets. This paper is kept here deliberately to provide integration of Foreign Markets with Domestic Markets through one of the channels, namely, marketing, which is most vital for all activities. In India, service sector constitutes nearly 50% of GDP at present and its rate of growth, is also higher at 7% as against 2-3% in the case of Agriculture and around 6-8% in the case of manufacturing sector. Service sector has a stable demand as against fluctuating fortunes in the case of Agriculture and recession and boom conditions in Manufacturing sector. With increasing specialization in all fields, this trend has a tendency to proliferate in services also, as hiring of services is more economical than to others and they hire mailing and Advertising Agencies, Instead of undertaking them by own agencies. Hence the importance of the Service Marketing and as this paper deals with the Customer Satisfaction on Marketing of Financial Services, the importance of the Service Marketing and as it deals with the Financial Services, the importance of marketing and the treatment of this subject need no special mention. Customer Satisfaction is one of the results of purchases. A positive relationship between positive disconfirmation and satisfaction has been found in the marketing literature, with disconfirmation having the largest effect on satisfaction, larger than that of expectations. This paper helps to study the new generation in Financial Services.

KEYWORDS : Customer Satisfaction, Marketing of Financial Services Delivery, Bank Customers and Service quality

INTRODUCTION:

Firstly, Service Marketing has more human element in it, and hence personal skills, attitudes and motivation play a greater role, than in product marketing. Secondly, service marketing needs a more fortified, cohesive and interactive organization and hence the needed organizational skills for Service Marketing are different. Thirdly, the personal touch and quality are more important in the Service Sector. Fourthly, service being specific to customer and customer to the treated as the king, his satisfaction is paramount particular in banking, stock and capital markets.

In India, Financial service sector constitutes nearly 50% of GDP at present and its rate of growth, is also higher at 7% as9 against 2-3% in the case of Agriculture and around 6-8% in the case of manufacturing sector. Service sector has a stable demand as against fluctuating fortunes in the case of Agriculture and recession and boom conditions in Manufacturing sector. With increasing specialization in all fields, this trend has a tendency to proliferate in services also, as hiring of services is more economical than to others and they hire mailing and advertising agencies, instead of undertaking them by own agencies.

OBJECTIVES OF THE STUDY:

- To study level of Concept Customer Satisfaction in Marketing of financial service
- To study of the Consequences (Importance) of Customer Satisfaction
- To Impact of Marketing of Financial Services
- To study Customer Satisfaction and Firm performance

Review of Literatures:

Mahapatra and Kumar, (2017) provided that poor service quality and lack of commitment is one of the reasons of customer dissolution. **Tamuliene et al. (2014)** claimed that there is statistically proven significant positive relationship between customer satisfaction, relationship quality, switching costs and customer retention. Customer centric culture based on coordinated and integrated organizational structure is essential for successful customer retention. **In March 2006, the Reserve Bank of India** allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms in 2005 that any stake exceeding 5% in the private sector banks would need to be vetted by them. **Hennig (2000)** developed a linear model to analyze customer retention and propounded that relationship quality is an important factor for retaining customers which lies between customer satisfaction and retention. Higher switching barriers lead to higher rate of customer retention. Some other researchers established that service excellence forces customers to buy from again same service provider, make customers less price sensitive and spread positive word of mouth **(Zeithaml et al., 1996; Bolton et al., 2000). (Vinita Kaura, 2013)** The inevitable evolution of larger markets forced by competition has made the customer ultimate beneficiary and at the same time it has made it for banks to retain their customers in the process of market development.

Significance of the Study:

The significance of the study with the phenomenal increase in the country's Population and the increased demand for Financial Services; Speed; Service quality and Customer Satisfaction are going to be very different for each Financial Services future success. It is Imperative for Financial Services to get useful feedback on their actual response time and Customers Service quality.

RESEARCH METHODOLOGY OF THE STUDY:

The study involves in Customers Satisfaction on Marketing of Financial Service in India. This paper is basically Descriptive and Analytical in nature. In this paper an attempt has been taken to analyze the Customer Satisfaction and firm performance of in India. The Data used in it is purely from Secondary Data was collected from published source like Annual reports of Financial Services, Marketing Reports, Marketing of Management reports, Action plans, Reports of RBI, Census Surveys, News papers, Journals, etc teams and Government Publications and Websites.

Marketing Of Financial Services:

After the recent liberalization measures from 1992 Onwards, involving deregulation, privatization and globalization, the financial sector has witnessed a deepening and widening of its services. Expansion and diversification became the hallmarks of banking and non-banking financial sector. There was a mushroom growth of NBFCs. The problems in this transition period were many such as emergence of various spurious companies, increased competition with the weak and inefficient finding it difficult to survive and many malpractices in the stock and capital market . Some of these problems like malpractices are being tackled by the SEBI through its directives.

New challenges:
The challenges posed to the financial sector in the market place are the following:

(1) Deregulation (2) Advanced information technology, (3) globalised markets and growing volumes of financial transactions, (4) volatility of the markets and (5) Increased customer demands and sophistication of markets and customers.

Concept of Customer Satisfaction:
The elements of implicit promotion of service are the customer satisfaction, image building for the quality and timeliness and a reputation as a leader in any line .similarly the elements of explicit promotion are the advertisement and publicity, which are transmitted via mass media and the personal selling and direct response contact with potential customers through mail, telex, phone etc. Satisfaction can be defined as a Post-Purchase evaluation of a Product / Service given pre-purchase expectations. It has also been suggested by some commentators that Satisfaction is really subjective evaluations of their experiences and outcomes as they buy or use Products and Services.

A common approach is to view satisfaction as the response of a consumer to their evaluation of a perceived discrepancy between prior expectation and the actual performance of the product after consumption. Most writers agree that expectations are important in post-purchase evaluations especially given their use by customers as a baseline for post-purchase comparison.

Consumer Satisfaction Repurchase intention Relationship as under

Expectation PP ⇨ Perceptions ⇨ Disconfirmation ⇨ Customer Satisfaction

Expectation: In the above marks expectations are formed prior to purchase and are the Consumers ideas of performance. A customer satisfaction is then largely influenced by they perceive the services performance relative to prior expectation.

Perceptions: The most advantageous outcome both for the consumer and the company is where a consumer's perception exceeds their expectation. This creates negative disconfirmation and constitutes a failure to perform on the company.

Disconfirmation: This can be described as the outcome of consumers making a comparative judgment of their own evaluation of performance rather than some external and objective measure.

Satisfaction: Customer Satisfaction is one of the results of purchases. A positive relationship between positive disconfirmation and satisfaction has been found in the marketing literature, with disconfirmation having the largest effect on satisfaction, larger than that of expectations. All models conceptualize satisfaction along the same basic dimensions.

Consumer Expectation Formation Variants
- Ideal Performance – what could be expected
- Minimum Tolerable Performance - What the performance must be
- Service Attribute Performance – Relating quality to perceived costs
- Equitable Performance - Relating quality to perceived cots
- Forecasted Performance – Beliefs about expected future outcomes

Customer Communications: The final category of antecedents is that event and items which communicate, directly or indirectly, implicitly or explicitly, ideas concerning the company's intentions and performance. Formal communication from various sources is stressed in all the pieces of exploratory work in this area.

Importance of Customer Satisfaction:
One empirical study of service quality and Customer Satisfaction found both to be significant predictors of loyalty although Satisfaction had the stronger relationship with loyalty. The literature in this area distinguishes between attitudinal and behavioral loyalty. The former, it is said, represent the individuals feelings towards the company, which may or may not be translated into behavioral loyalty, depending on factors such a cost alternatives and convenience.

There are a number of other reasons why managers should focus on encouraging customer Satisfaction. These includes

- Satisfied customers can sometimes lead to word of mouth recommendations and new ones.
- High customer's turnover reduces prodigality.
- The retention of customers can often lead to cross-selling opportunities.
- The expenses of opening and closing of accounts in terms of human and others resource i.e. processing costs.

Impact of Marketing of Financial Services:
Banking Field:
In commercial banking, marketing strategy has to meet the challenges by strengthening themselves by mergers or diversifications such as going to national from regional and from national to global level playing .they have to have a dynamic management team, modified value systems, suitable to the requirement of customers and a market thrust to meet the challenge by competitors, there is need for diversification of product range such as introduction of credit cards or debit cards, 24 hours banking, ATM and other computerized services, banking from home through the website of the internet, electronic transfer of funds and dematerialization of all physical certificates. Banks may be prepared to service the customers as they desire, say by arranging portfolio management, tax payment, consultancy and personal investments. There are all called market responsive management practices and customer-oriented services.

Mutual Funds:
Selling by mutual funds is also different. As for SBI norms; they can neither promise a fixed return nor indulge in prohibited such as speculative trading. Many Mutual funds in India have underperformed partly due to lack of expertise, stringent investment norms on SEBI and poor market conditions. In this scenario, their marketing strategies have limited alternatives. They can offer hope, although their past is blank. They can offer service, which may still fall short of the expectations of customer's .they be able to at best promise safety of funds buy back arrangements and trustworthiness.

Insurance:
Unlike the above, services, life insurance and general insurance a different kind of marketing strategy, namely, a diversified product range a mix of products suitable to meet varying needs of consumers, combining, life with endowment, or a combination of accident, health and unemployment, etc. their approach and their talents are more powerful then the attributes of product range .this is direct selling. Letters to potential customers, personal approach through telephone agents, visits, etc. are also a part of the marketing strategy.

Customer Satisfaction:
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Banks are service organizations whose customer service is poor and need a lot of organizational and personnel skills. so is the case of the life and general insurance , whose reputation for quality and delivery of service is probable poorer than that of banks .this has been the result of protracted market monopoly and semi-monopoly elements in the market and poor quality of human element and personal skills, which are the basic bricks for service marketing . Both in banking and insurance, whose customer base is as wide as the whole household sector, customer is not treated as the king and their marketing strategies are weak.

The prerequisites for customer satisfaction are the following:

1. Identification of customer needs for financial and non-financial services
2. Develop appropriate plans and schemes for them
3. Price them reasonability on a cost plus basis in a competitive spirit and not on monopoly basis. after sale service is equally important
4. Strategies for marketing through personal contact, letters, advertisement through agents as in the case of insurance and in media.
5. Use of development officers, R and D and customer based research for schemes and policies, which are innovative and need based.
6. Servicing with quality and time consciousness of depositors, customers and policy holders.

CONCLUSION:

To sum up, services are different and that too financial services are more different from products. Here consumer-oriented are the services and these are more specific to consumer and time .these cannot be standardised and are not easily reproducible. Human element in these services is more prominent and hence management talent and personnel skills count. Sometimes, roadside shows, incentives gifts and treats will help attract customer base, but the quality is the enduring factor for expanding the base .each service activity needs a different type of market strategy and hence generalization is risky. On balance, the literature presents clear evidence of the link between satisfaction and loyalty, although some have questioned the implicit assumption that loyalty is automatically associated with increased profitability. The objective of managers should be to ensure that the most profitable customers are satisfied and show a propensity to be loyal. Expectations and their antecedents play an important part in determining levels of satisfaction and managers need to ensure that they manage customer expectations as much as possible. Factors such as the appearance of branches and the implicit promises contained in the brand of the organization and staff has a significant bearing upon the expectations formed by customers. In this new competitive environment and globalised trading practices, the marketing of financial services assumed greater significance. Today's financial services market requires new strategies to survive and continue to operate. They have to adopt new marketing strategies and tactics which enable them to capture the minimum opportunities with the lowest risks in the order to enable them to survive and meet the tough competition from global players of domestic and foreign origin. Despite the desirability of customer satisfaction, managers must also realize the impossibility of always delivering a high level of satisfaction, especially in a high customer facing sector like financial services. Firms should therefore understand how service failures and related customer dissatisfaction can be managed. Certainly, service recovery from failures and responses to customer dissatisfaction especially through effective complaint handling – a key element in service recovery – can result not just in improved satisfaction rates but also repurchase intentions and the spread of positive word-of-mouth.

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