Service Assurance Perception and Customer Demography: Empirical Study of State Bank of India

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Abstract

It becomes possible to devise effective strategies when the banks properly understand how services are being assessed or perceived by the customers. The analysis of customer perception can give direction and focus to strategic planning. It is indeed a difficult task because quality is a critical factor to services. Customers in service industry can be made coproducers of services by inviting them to express their perceptions and expectations about the service. Service quality is directly related to customer expectations and perceptions. Bank customers’ needs according to their demography are still an unserved area. This study, in particular, examines the influence of customer demographical characteristics such as gender, qualification, occupation and income and their effect of banking service assurance perception and identifies which demographical characteristics influence the assurance perception of service quality. The data collection for this is done using the SERVQUAL scale. The data is analyzed using statistical techniques such as ANOVA, t-test and post hoc tests. The paper concludes that qualification and occupation are the characteristics that influence the service assurance perception the most.

Keywords: Service Quality; Assurance Perception; ANOVA; Demographical Characteristics; SERVQUAL scale.

1. Introduction

Banking firms nowadays are striving to bring excellence in their services. Service quality in central to service excellence. The voyage to excel, for banks, specially-
Nationalized ones is not a primrose path. The customer is much empowered - attracting and retaining the customers is difficult. Banking services requires central route to pursue the customers. Customer perception plays a vital role because of the high-perceived risk in buying a high involvement service like banking. The challenge in front of the banks is to understand the complexity of customer needs and serving then differently and properly. Looking at this nature of bank services, Assurance dimension of service quality becomes important as the knowledge and courtesy of employees and their ability to convey trust and confidence to customers will reduce their perceived risk. This necessitates the research for service quality perception. As study of demographic profiles of customers and difference in their perception accordingly can open new avenues for formulation of effective marketing strategies. This paper attempts to explore how the assurance perception of service quality differs demographically? This paper undertakes State Bank of India to be studied. The demographical factors taken in to account are gender, occupation, qualification, income and their further interactions

2. Objective
The objective of the study is:
to study the effect of gender, qualification, occupation, income and their interactions on assurance perception of service quality of State Bank of India

3. Review of Literature
A big amount of literature is available related to this topic. Prominent amongst them are presented here.

  Webster (1989) found that age, gender and income were significantly related to service quality expectations for professional services. Belch and Belch, 1993; Kotler and Armstrong, 1991 stated that demographics continue to be one of the most popular and well-accepted bases for segmenting markets and customer. Luther Denton, Alan K.K Chan (1991) investigated multiple banking behavior in Hong Kong (in the retail sector) by questionnaire survey The survey included analyses of the number of banks used by each person the types of services used at each bank and the factors that influence this type of consumer behaviour. Thompson and Kaminski (1993) found a significant relationship between age and dimensions of service quality Bowen and Hedges (1993) noted that the importance of various quality improvements differs among customer segments. It is particularly important to focus first on those customers who are most valuable to the bank. One possible method of determining those valuable customers is by utilizing their demographics. Lazer (1994) noted that demographic data are among the most significant marketing intelligence inputs. They are central to formulating marketing plans and strategies and are basic to the development of competitive advantage. Gagliano and Hathcote (1994) reported significant relationships between income and service quality expectations. They reported that
multiple banking is widespread and is heavily influenced by such factors as risk reduction, convenience in terms of number of branches and ATM’s. Statistically significant differences were found in the evaluation of the relative importance of these factors on multiple banking behaviour based on sex, age, marital status, and income and education discriminators. Neelotpaul Banerjee and Santosh Sah (2012) outlined that customers’ expectations are more with the private banks and the level of satisfaction is also higher while they deal with the private banks.

4. Research Methodology
For this study the researcher has used both exploratory and descriptive methods. Sample survey method is employed for data collection. Both primary and secondary data are used in the study. The universe included all the customers of State Bank of India in Indore. Convenience sampling technique with objectivity has been used for the present study. State Bank of India has a large customer base in Indore. Out of these, 330 respondents were selected for the study. 33 classes have been constructed within the sample on the basis of demographical variables that are gender, qualification, occupation and income such as: Male/Undergraduate/Service class/Lower Income group & Female/Undergraduate/Service class/Lower Income group.

Data collected with the help of SERVQUAL scale, were classified, tabulated, analyzed and interpreted using correlation, F test, ANOVA and Post Hoc tests.

5. Data Analysis, Interpretation and Findings
The objective of the study is "To study the effect of gender, qualification, occupation and income and their interactions on assurance perception of service quality of State Bank of India". The results are given in the following table.

<table>
<thead>
<tr>
<th>Table 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variable: Assurance Perception</strong></td>
</tr>
<tr>
<td><strong>Source</strong></td>
</tr>
<tr>
<td>GENDER</td>
</tr>
<tr>
<td>QUALIF</td>
</tr>
<tr>
<td>OCCU</td>
</tr>
<tr>
<td>INCOME</td>
</tr>
<tr>
<td>GENDER * QUALIF</td>
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<tr>
<td>GENDER * OCCU</td>
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<tr>
<td>QUALIF * OCCU</td>
</tr>
<tr>
<td>GENDER * QUALIF * OCCU</td>
</tr>
</tbody>
</table>
From the table no.1, this can be observed that the “F” value for qualification is 4.056, which is significant at .05 level with degree of freedom 2/298. It means that there is significant difference between undergraduate, graduate and postgraduate customers with respect to assurance perception of service quality of State Bank of India. In the light of this, the null hypothesis namely “There will be no significant effect of qualification on assurance perception of service quality of State Bank of India” is rejected.

### Table 2

<table>
<thead>
<tr>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval Lower Bound</th>
<th>95% Confidence Interval Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation</td>
<td>1.4398(*)</td>
<td>.5062</td>
<td>.012</td>
<td>.2535</td>
</tr>
<tr>
<td>PG</td>
<td>1.0322</td>
<td>.4992</td>
<td>.097</td>
<td>-1.1377</td>
</tr>
</tbody>
</table>

* The mean difference is significant at the .05 level.
effect of occupation on assurance perception of service quality of State Bank of India” is rejected. Further, the mean score for service class customers is 25.44, which is significantly higher than that of business class customers that is 24.67. Therefore, it may be concluded that service class customers are significantly higher than business class customers with respect to assurance perception of service quality of State Bank of India.

From the table no.1, this can be observed that the “F” value for income is .344, which is significant at .05 level with degree of freedom 2/298. It means that there is significant difference among lower income group, middle-income group and higher income group customers with respect to assurance perception of service quality of State Bank of India. In the light of this, the null hypothesis namely “There will be no significant effect of income on assurance perception of service quality of State Bank of India” is rejected. Further, the mean score for middle-income group customers is 25.05, which is significantly higher than that of higher income group customers that is 24.71. Therefore, it may be concluded that middle-income group customers are significantly higher than higher income group customers with respect to assurance perception of service quality of State Bank of India. (Further posthoc test did not show significant mean difference amount the levels of this variable. Hence, the multiple comparisons is not given here)

From the table no.1, this can be observed that “F” value for interaction among gender, qualification, occupation and income is 4.099, which is significant at .01 level with degree of freedom 2/298, it means that there is significant effect of interaction among gender, qualification, occupation and income on assurance perception of service quality of State Bank of India. In the light of this, the null hypothesis namely “There will be no significant effect of interaction among qualification, occupation and income on assurance perception of service quality of State Bank of India” is rejected.

Therefore, it may be concluded that qualification, occupation and income are not independent of each other with respect to assurance perception of service quality of State Bank of India and their interaction produce no significant effect on assurance perception of service quality of State Bank of India.

6. Conclusion and Suggestions
On the basis of the findings the researcher has found some key areas of customer dissatisfaction. Given the findings the following has been concluded and suggested.

Statistically significant differences relating to demography of customers were found regarding the service assurance perception. Significant difference is found in perception of customers of different qualification background. Significant differences between undergraduate and graduate customers were found. Undergraduate customers perceive the service better than the graduate customers in terms of assurance. The employees should be developed through proper training to communicate their expertise in work to build customer confidence in them. The bank should strengthen its Management Information System by essentially including market surveys, competitor
surveys, customer meets, customers complaint comment and inquiry capture, service reviews etc. The customers also have complained of over promising done by the employees in terms of time taken for completion of any task. By communicating their competencies, the service providers can help manage customer expectations and influence their service quality perceptions in advance. This communication can also be established through the public display of certifications achieved by the bank.

References