A Study of the Determinants of Customer Revisit Intentions: A Case Study in the Branches of Sepah Bank in Ardabil Province

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ABSTRACT

The main factor in success or failure of companies indeed depends on their market share. Their success also depends, to a great extent, on maintaining the customers and customer satisfaction. Customer repurchase (revisit) is an issue that has recently been considered by managers to the extent that customer relationship management is built on this very concept. In fact, customer maintenance and as a result customer loyalty leads to relationship oriented marketing. Previous theories regarding customers regard customer relationship management (CRM) as an approach for satisfying the customers. In other words, it was supposed that when customers receive the best kind of service, they will choose it and will not go to the competition. In simple terms, customer satisfaction is the result of the quality of service, leading to customer maintenance and loyalty. This article studies the determinants of customer revisit in the branches of Sepah Bank in Ardabil Province, attempting to provide strategies for increasing market share and maintaining the current customers of such banks. Four factors (technical and functional service quality, customer loyalty, and customer confidence) which are claimed to affect customer revisit to banks are examined. The dependent variable is customer revisit intention and the aforementioned factors are the independent variables. By positing nine hypotheses, the researcher tries to examine the relationship between the variables and identify the priority of each factor. Library sources and field research (questionnaires) were used for data collection and Pearson correlation test and multiple regression analysis have applied for hypothesis testing. All the data were analyzed in SPSS and general conclusions were made.

Key words: service quality, customer loyalty and confidence, repurchase intentions, bank services.

Introduction

Many definitions of marketing have been introduced and each one refers to a certain aspect of the issue. From the viewpoint of economists, marketing is a social process that directs an economy’s flow of goods and services from producers to consumers in a way that effectively matches supply and demand and accomplishes social goals. This definition has more to do with the distribution and promotion aspects of marketing. From the viewpoint of business institutions, the definition of marketing including not only distribution and sales promotion, but also other duties such as design and pricing of products. The four factors mentioned above are called marketing mix, which are variables that are controlled by the organization and can be directly manipulated to bring about customer satisfaction. A competitive company can continue its long-term activity if it manages to satisfy its customers.

Customer repurchase (revisit) is an issue that has recently been considered by managers to the extent that customer relationship management is built on this very concept. In fact, customer maintenance and as a result customer loyalty leads to relationship oriented marketing. Previous theories regarding customers regard customer relationship management (CRM) as an approach for satisfying the customers. Further, customer repurchase is an issue that has received increasing attention due to its exceptional importance and many studies have attempted to explore the factors that affect it. Trust, perceived ease of use, perceived usefulness, and enjoyment can be mentioned as some of these important and influential factors. Research suggests that customer’s trust in service providers is the most important and effective factor in customer repurchase intention.

In order for a customer to show willingness in purchase or repurchase of a good or service they need, the good or service must have highest quality.
Thus one of the most important factors in establishing long-term relationship with customers is perceived service quality and concepts such as trust, loyalty, and even satisfaction are secondary to service quality. Indeed the progress of an institution on a customer-oriented path is the result of perceived service quality [4].

Theoretical Framework of the Research:

The first and foremost principle in marketing is taking customer’s needs into consideration. Of course before the introduction of marketing, institutions of all sorts used to satisfy the needs and wishes of the customers. Without regard to the wishes of the customers the organization cannot continue its existence. So the important issue in this novel philosophy is taking the viewpoint of the customer. It must be noted that paying attention to the customer is different from customer-orientation. In customer-orientation philosophy, the wishes of the customer are highlighted. First, what the customer wants must be identified and then the instruments and methodologies should be sought for accordingly [5].

Customers want their expectations to be fully and constantly met. When their expectations are not met, they judge that the service is not satisfactory. Greater satisfaction comes when the quality of service surmounts the expectations. When the customers place on a specific good or service in the market is identified, their expectations can be understood by answering the following questions:

- What are the characteristics of the good or service that customers want?
- What level of efficiency is required to meet their expectations?
- How important are the characteristics?
- How satisfied were the customers with a normal-level performance?

Awareness or appreciation of the needs, expectations, and satisfaction of customers is usually referred to as listening to the customers [6].

Nowadays, along with formulating strategies for attracting new customers and transacting with them, companies have tried to maintain their current customers and establish permanent relationship with them. In other words, they found that losing one customer is more than losing a sale item and it implies losing all the purchases the person could have done during their life or during a certain period of being the customer of the company. Companies are looking for acquiring the lifetime value of their customers. Customer lifetime value (CLV) is the net present value of the cash flows attributed to the relationship with a customer. It is thus economical to maintain customers and this issue has received increasing attention from companies. Relationship-oriented marketing incorporates all the steps a company makes for providing better service to its valuable customers. It is a continuous process for identifying the needs and creating values for the customers where the mutual interests are considered and these interests are shared with the customer during their lifetime [7].

Four primary conditions in customer relationships are as follows:
A. The customer is loyal and profitable – companies can focus on deepening the relationship, strengthening loyalty, and optimizing profitability through cross- and up-selling.
B. The customer is loyal but unprofitable – companies should maintain the relationship and secure loyalty because the customer may still become profitable through cross- and up-selling.
C. The customer is profitable but not loyal – in this case the companies should focus completely on strengthening the relationship and building loyalty.
D. The customer is not loyal and unprofitable – it is probably worth considering giving the customer to competitors.

Customers are sensitive to price and are to a large extent influenced by advertisement, marketing, and sales promotion. When relationships grow, movement toward loyalty initiates [8].

Loyalty creates a positive image in the minds of the listeners. In fact, loyalty is the existence of a positive attitude toward an entity (trademark, service, bank, shop, or salesperson) and supportive behavior toward it. As can be seen there are two approaches to customer loyalty: attitudinal approach and behavioral approach.

However, there is a more comprehensive definition of loyalty introduced by [3]: “loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”. In a broader definition of customer loyalty, it is accompanied by the following three elements:

- Customer behavior which is repeating purchase;
- Customer attitude which is commitment and trust;
- Availability of many alternatives for choosing and purchasing.

Of course Oliver divided the attitudinal approach into three different levels:
1. Cognitive loyalty, which leads to customer behavior and has to do with the belief of the customer;
2. Affective loyalty, which leads to commitment and trust and has to do with customer’s emotion;
3. Action loyalty, which has to do with purchasing in the future.

In comparison with the other levels of loyalty, cognitive loyalty is more powerful in creating customer loyalty [9].
A need in the individual to maintain a valid cognitive structure with respect to the valuation of others, customers who recommend a service firm to others are likely to continue using that organization for their own needs. In addition, [5] dissonance theory explains why what we say (i.e. talking about the positives of a firm) is strongly related to what we (intend to) do. Defined customer trust as the perception of confidence in the exchange partners reliability and integrity [6]. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity [4].

Trust is essentially a belief (i.e. in the integrity, honesty and benevolence of another). Based on [2] theory of reasoned action, we expect beliefs (trust) to precede behaviors (loyalty). In addition, previous research has shown the extent to which support exchanges are reciprocal. Accordingly, clients are likely to act co-operatively toward trustworthy service firms by recommending the organization to others and maintaining or increasing transaction volume in the future [10].

Most bank services are particularly complex; thus, this issue of service quality is as much complicated. When we talk about the product quality, the technical characteristics of the goods come to the mind of people. But there is as much distance between product quality and service quality as there is between product management and service management. Although the basic and classic management principles (e.g. planning, organization, etc.) are similar in these two, the difference between the two management types is the issue of quality. For a better understanding of service quality, we now provide its definitions:

- Service Quality: The extent and direction of difference between the customer’s perception of service and their expectations.

- Service Quality: The all-embracing judgment of the customer regarding the preferred nature of the service in comparison with similar services with its marked advantages.

- Service Quality: The correspondence of different levels of service with customer’s expectations.

- Service Quality: The consistent correspondence to customer expectations and realizing customer’s expectations of a specific service [11].

Service quality refers to the difference between customer expectations of what a firm should provide (i.e. expectations) and perceived service performance. Service quality is viewed as an organizational asset and key determinant of corporate marketing and financial performance. The assessment of service quality is largely based upon the work of [12]. He constructed a measure of perceived service quality termed SERVQUAL. This scale has been widely used in a variety of service industries, including the banking industry. Understanding the concept of service quality and trying to improve it leads to high-quality services in banks and will increase customer satisfaction. Thus, service quality can be discussed as a scale or measure of customer satisfaction. Improving the quality of bank services is not merely a specific plan, but a continuous one. In fact quality starts with identifying the people that banks need for improving service quality. Promotion or improvement of quality and in a more general sense the management of quality-related processes is in fact a strategic plan that needs constant attention of the senior bank managers [13].

The general determinants of quality have been identified and introduced in many studies among which the moderated version of the determinants of quality by Parasuraman and colleagues seems to be more comprehensive. These determinants are:

1. Reliability: the ability to provide the pledged service on time, accurately, and dependably.

2. Responsiveness: the ability to deal effectively with complaints and promptness of the service.

3. Credibility: the extent to which the service is believed and trusted. The service provider’s name and reputation as well as the personal traits of front line staff all contribute to credibility.

4. Customization: the willingness and ability to adjust the service to meet the needs of the customers.

5. Competence: staff should possess the necessary skill, knowledge and information to perform the service effectively.

6. Access: the ease of approachability and contact.

7. Courtesy: the politeness, respect, consideration, and friendliness shown to the customers by the contact personnel.


9. Communication: keeping customers informed about the service in a language that they can understand and listening to the customers.

10. Tangibles: “Include: the state of facilitating goods; physical condition of the buildings and the environment; appearance of personnel; and condition of equipment. Tangibles are more important in high-contact services, such as traditional universities, than low contact services such as the Open University.

11. Understanding/Knowing the customer: involves trying to understand the customer’s needs and specific requirements; providing individualized attention; and recognizing the regular customer [10].

Service quality has been conceptualized as consisting of 2 components – technical quality and functional quality. Specifically, technical service quality refers to the quality of the service output. It also includes less concrete outcomes such as the recommendation of best investment options and the achievement of financial goals. Functional service quality, on the other hand, addresses the nature of the customer-serviceprovider interaction and the means
by which the service is delivered. To the extent that clients frequently are unable to confidently assess technical outcomes, the process of service delivery becomes important in forming attitudes toward, and their commitment to, the organization. Due to the complexity and intangibility of the financial services offerings, it emerged that trust is of particular importance in financial services. Consumers with no investment expertise, for example, may not be able to evaluate whether investment advice resulted in maximum return at an acceptable level of risk. Empirical work shows that the lack of concreteness of services high incidence attributes increases the importance of perceived functional service quality in forming consumer trust. A lack of balance (i.e. giving less or giving more than one receives) can lead to feelings of guilt, unfairness and resentment. On the other hand, customers will act more co-operatively toward a firm where expectations of technical and functional service quality are met or exceeded. As can be seen in figure 1, it is expected that perceived service quality (technical and functional) is expected to have a positive relationship with customer revisit intention and customer loyalty and trust. Moreover, it has been suggested that customer revisit intention depends on their loyalty and that customer trust is positively associated with customer loyalty and revisit intention. Finally, customer revisit intention is discussed as the variable that depends on the four mentioned factors [4].

![Fig. 1: The conceptual model of customer revisit intention.](image)

**Research Questions:**

According to the theoretical framework provided, the research questions are as follows:

- What are the determinants of customer revisit intention?
- What is the specific priority of the identified factors?

**Methodology:**

The present research is descriptive-survey carried out as a field study and a standard questionnaire has been used for data collection.

**Population and Sample:**

The population of the present research consists of all the people with one or more common characteristics. It also consists of all the real or hypothetical members to whom we wish to generalize the findings of the research. The population includes the customers of Sepah Bank in Ardabil Province who have visited, at least once, for opening an account. Due to the large number of branches (almost 30) and dispersion of the customers, convenience sampling has been applied. The research has calculated sample size from Cochran’s formula yielding 384 as the result and thus 384 people answered the questions. Cochran’s formula is as follows:

\[
N = \left( \frac{Z^2 \cdot \sigma^2}{\epsilon^2} \right) \approx \left( \frac{1.96^2 \cdot 1}{0.1^2} \right) = 384
\]

(1)

Interval scale has been used in the present research as measurement scale. A 7-point Likert scale is used in which 1 stands for totally disagree and 7 stands for totally agree. Moreover, due to the standard questions of the research – adapted and culturally adjusted from the questions used in [4] – they were not tested for validity and only the reliability of the test was re-evaluated using Cronbach’s alpha (resulting reliability: 0.9588) and the irrelevant questions were omitted. The questionnaire used in this research contains 20 questions of which 4 questions are related to technical service quality, 5 questions are related to functional service quality, 4 questions are related to customer trust, 3 questions are related to customer loyalty, and 4 questions are related to customer revisit intention. As mentioned, the researcher tried
to improve the reliability of the test by omitting irrelevant questions.

The sampling method is convenience sampling. Pearson’s correlation test and multiple regression analysis have been applied for testing the research hypotheses. Finally, the data were analyzed using SPSS and the results will be discussed.

Results:

Considering the data from SPSS as presented in table 1, all the research hypotheses regarding the existence of a significant positive relationship between independent variables and between independent and dependent variables are confirmed. The results of stepwise regression analysis (table 2) shows that four variables – customer loyalty, customer trust, technical service quality, and functional service quality – are allowed to enter the final regression equation as predictors of customer revisit intention (the criterion variable). Further, as can be seen in table 2 the intensity of the relationship between customer loyalty and their intention to revisit Sepah Bank is 0.839 and this increases to 0.876, 0.886, and 0.890 by entering the variables of customer loyalty, functional service quality, and technical service quality respectively. The column assigned to coefficient of determination in table 2 suggests that 0.791 of changes in customer revisit intention can be predicted by the four independent variables. Moreover, the results of analysis of variance in table 3 indicate the significance of the regression and that there is really a linear relationship between the variables.

Table 1: Pearson’s correlation coefficient between the variables.

<table>
<thead>
<tr>
<th>Model</th>
<th>Multiple Correlation Coefficient (R)</th>
<th>Coefficient of Determination (R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Service Quality</td>
<td>0.656</td>
<td>0.751</td>
</tr>
<tr>
<td>Functional Service Quality</td>
<td>0.681</td>
<td>0.668</td>
</tr>
<tr>
<td>Customer Trust</td>
<td>0.833</td>
<td>0.838</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.838</td>
<td>0.838</td>
</tr>
<tr>
<td>Customer Revisit Intention</td>
<td>0.838</td>
<td>0.838</td>
</tr>
</tbody>
</table>

Table 2: The results of stepwise regression.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.87</td>
<td>0.00</td>
<td>3.13</td>
<td>0.002</td>
</tr>
<tr>
<td>Customer Trust</td>
<td>0.85</td>
<td>0.83</td>
<td>30.16</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.46</td>
<td>0.45</td>
<td>10.17</td>
<td>0.000</td>
</tr>
<tr>
<td>Functional Service Quality</td>
<td>0.27</td>
<td>0.18</td>
<td>5.43</td>
<td>0.000</td>
</tr>
<tr>
<td>Technical Service Quality</td>
<td>0.16</td>
<td>0.15</td>
<td>3.61</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 3: Analysis of variance for table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>F-Value</th>
<th>Significance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>910.106</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>629.015</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>460.579</td>
<td>0.000</td>
</tr>
<tr>
<td>4</td>
<td>359.661</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 4 presents regression coefficients and the results of t-test for testing these coefficients and the significance level of each. The beta column indicates that one standard deviation of change in customer trust leads to 0.83 standard deviation change in customer revisit intention. Accordingly, one standard deviation change in customer loyalty, functional service quality, and technical service quality will lead to 18.45, 0.0, and 0.15 standard deviation change in customer revisit intention. Thus, the variable of trust has the greatest effect on customer revisit intention and customer loyalty, functional service quality, and technical service quality assume the next rankings.

Table 4 The results of regression analysis for table 2.

Recommendations:
Considering the fact that all the research hypotheses were confirmed, the researcher has come to the conclusion that the bank must take into consideration the importance of each factor in satisfying the customers and must try to maintain them. The factors studied in the present research account for at least 80% of the numerous factors that affect customer revisit intention. In fact, the remaining 20% of the factors has to be dealt with.

It is recommended that the managers of these banks carry out more efficient research and/or support such activities so as to identify different factors that affect customer satisfaction and maintenance and thus induce customers for re-investments in their banks. The researcher outlines some of the factors that must receive special attention from the banks:

- Increasing the variety of investments in banks;
- Paying attention to the quality of the services provided by employees through more efficient surveys among the clientele;
- Taking the needs of customers into account and provide them with necessary information regarding the best type of investment;
- Greater financial support for the customers in terms of low-interest loans;
- Making an attempt to employ personnel specialized in finance in order to provide advice to customers for better use of bank services;
- Requiring the employees to pass courses that will help them efficiently deal with the customers;
- Requiring the employees to observe the proper rules of conduct and courtesy with customers;
- Making an effort to provide services that induces customers to re-invest in the banks;
- Making use of the state-of-the-art technologies in providing more efficient services;
- Making an effort to gain customers’ trust in using the new services in banks such as Internet and online services.

References