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SERVICE QUALITY DELIVERY AND CUSTOMERS' PATRONAGE OF COMMERCIAL BANKS IN PORT HARCOURT

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Abstract

The study examines the influence of service quality determinants such as: tangibility and service responsiveness on customer patronage in the commercial banks in Port Harcourt. The population of the study comprises of the 22 registered commercial banks in Port Harcourt, which is legally endorsed by the Central Bank of Nigeria. The study adopted a census sampling technique and the entire 22 banks was studied. Data were collected for the study using structured two hundred and twenty (220) copies of questionnaires which was given to the twenty-two registered banks in the frame of ten (10) copies per bank. The Spearman Rank Order Correlation Technique was employed to test the various hypotheses formulated through the aid of Statistical Package for Social Sciences (SPSS). The results of the findings revealed that there is a positive and significant relationship between service quality delivery and customers' patronage of commercial banks in Port Harcourt. The study recommended the commercial banks in Port Harcourt to should be passionate about service quality delivery as this lead to high level of customer's patronage.

Keywords:

Service Quality Delivery, Tangibility, Service Responsiveness, Repeat Purchase, Referral and Customer Patronage



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INTRODUCTION

The banking industry is a vital sector in the business world, which has a growing effect on all other sectors of the economy because of its financial service provisions. The role of banks in nation building cannot be overemphasized, it is the prime part of financial institution in Nigeria. With the current strong competition among banks in Port Harcourt which is influenced by the new technological advancement and civilization, the issue of service quality in respect to customers been loyal has become a major concern among researchers, (Ogungbada, 2015). The survival of any business is largely dependent on customers and banks are aware that customers are the core of the business. Presently the focus of banking service providers is ultimately on excellent criteria targeted at the customers' requirements. Banks have acknowledged service quality delivery as a major supporter to the survival and success of their business operations.

Customer patronage is the techniques of obtaining and buying of a firm's product regularly (Howard 2007). The growth in the new banks development is a call for banks to strengthen their efforts to increase their customer patronage level. Customer patronage is critical to the growth and survival of the financial institutions such as banks. The stability of a bank depends on the higher level of customer patronage. Zeithaml et al (2000), opined that once customers are adequately satisfied, they are likely to repeat purchase or repurchase the service. Banks need to attract customers to patronize their services by ensuring quality availability of physical facilities, prompt responses to customer's complaints and most importantly meeting the customer's need and expectation.

Service quality is regarded as one of the most significant antecedents of customer loyalty in service industries, (Fullerton, 2005). Service quality is the outcome of the assessment that customers make between their expectations about a service and their perception of the way the service has been performed. Quality service delivery is encouraged in the commercial banks because it is about how to build and maintain trust, confidence, integrity and satisfaction in the mind of customers that will lead to loyalty. The commercial banks can improve the customer relationship into a long term relationship through quality transactions between service provider and the customer.

According to Bonn and Matthews (2013), service quality is the difference between the customer's expectations for service performance before the service

encounter and his/her perceptions of the service received. In this digital era, banks has upgraded their service delivery by creating an avenue for customers to transact with the banks at ease with the aid of their mobile phones. They can receive quality services conveniently at any place (home, office, churches, hospitals, etc) and time (at 24hours daily in a week). Banks quickly respond to customer enquiries and resolves all complaints to the satisfaction of their customers.

The banking sector contributes positively in the development of the state. Although it has numerous challenges in meeting and exceeding the customers' specification and expectation. Recently, there have been numerous complaints by bank customers on the inadequate quality of service rendered by the commercial banks in Port Harcourt. These complain ranges from poor network services and support system in using the e-banking services, which is likely to be caused by incompetence of the technical team, frequent exploitation of customers through unsolicited text messages and maintenance charges, non-functional automated teller machines (ATM) and difficulty in getting the attention of bank staff when the ATM operation is not stable, existences of long queues mostly influenced by limited number of staff attending to customers, and the epileptic power supply which has negatively affected the ambience and serenity of the banking hall as the air conditioners are mostly switched off, insecurity in the use of ATM as the place is overcrowded with customers, and poor customer care services which makes the customers' dissatisfied and irritated in transacting with the commercial banks.

The increasing competitiveness in the commercial banking sector across the state means that banks need to improve in their service quality in order attract and retain customers as well as maximizing profit. On that premises, this study is significant as it examines the influence of service quality delivery on customer patronage of commercial banks in Port Harcourt.

CONCEPTUAL FRAMEWORK

In this study, the service quality delivery is the predictor variable with its dimensions as tangibility and service responsiveness, while the criterion variable is customer patronage with its measures as repeat purchase and referral.

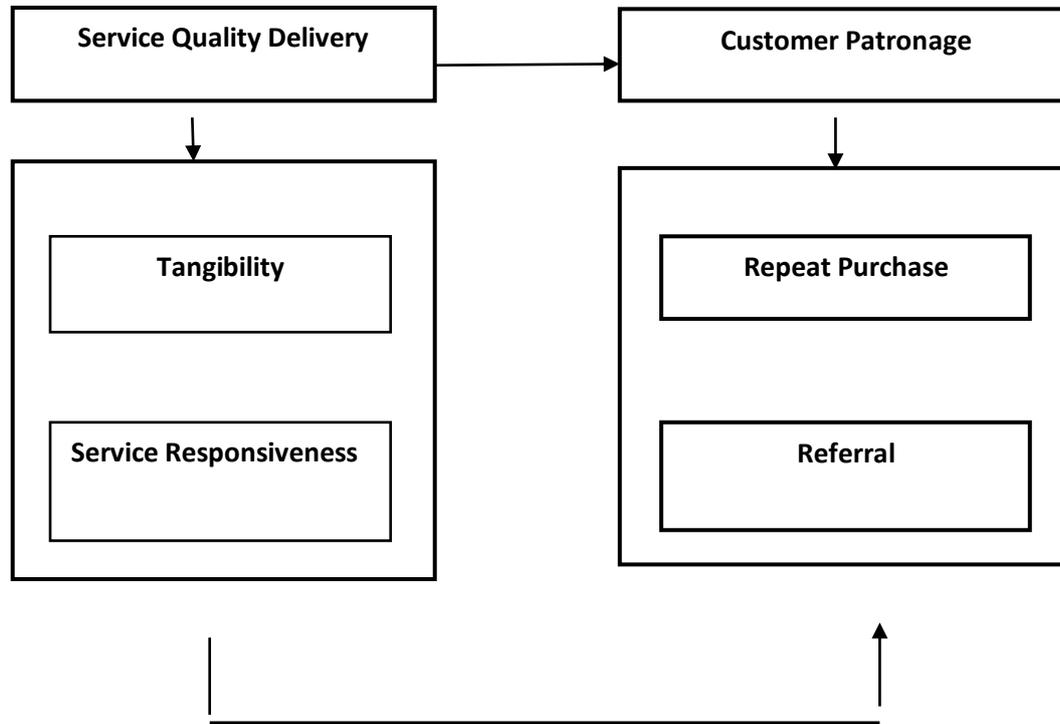


Fig 1: Conceptual Framework of Service Quality Delivery and Customer Patronage of Commercial Banks in Port Harcourt.

Source: SERVQUAL MODEL developed by Parasuraman, Zeithaml, and Berry (1985).

AIMS AND OBJECTIVE OF THE STUDY

The main aim of this study is to examine the relationship between service quality delivery and customer patronage of commercial banks in Port Harcourt. The specific objectives are to:

1. Determine the extent to which tangibility of service quality significantly influence repeat purchase in the commercial banks in Port Harcourt.
2. Determine the extent to which tangibility of service quality significantly influence referral in the commercial banks in Port Harcourt.

3. Evaluate the extent to which service responsiveness significantly influence repeat purchase in commercial banks in Port Harcourt.
4. Ascertain the extent to which service responsiveness significantly influence referrals in commercial banks in Port Harcourt.

RESEARCH HYPOTHESES

H₀₁: There is no significant relationship between tangibility and repeat purchase of commercial banks in Port Harcourt.

H₀₂: There is no significant relationship between tangibility and referral of commercial banks in Port Harcourt.

H₀₃: There is no significant relationship between service responsiveness and repeat purchase of commercial banks in Port Harcourt.

H₀₄: There is no significant relationship between service responsiveness and referral of commercial banks in Port Harcourt.

THEORETICAL FRAMEWORK

This study is anchored on the theory of consumer behavior by Howard and Sheth (1969). This theory defines the concept of perceived value which has played the role of the antecedents of many behavioral outcome in services such as revisited intention and customer loyalty (Chen and Dubinsky, 2003). Consumer perceived value depends on the customer's experience and knowledge which is a critical factor that helps to attract new customers and keep existing customers. It has been established that loyalty and profits are strongly linked to the value that is created for customers (Khalifa, 2004).

Perceived value theory also recognizes how the opinion of a customer towards a product or service which is often influenced by the goods and services that meet the needs and expectation of the customer. It is the consumers overall assessment of product utility which is based on the perception between gain and loss (Zeithaml, 1988).

EMPIRICAL REVIEW

A number of related empirical studies have been conducted on service quality delivery and customer patronage. For instance, Anucha (2022), empirically

examined the service delivery strategies and customer patronage of the deposit money banks in Rivers state. The findings of the study showed that electronic service delivery has a significant relationship with customer patronage of deposit money banks and it was concluded that service delivery strategies are significant predictors of customer patronage of deposit money banks in Rivers state.

Kenneth et al (2018), conducted a study on service reliability and patronage of quick service restaurants in Port Harcourt. The findings revealed that there was a significant relationship between service reliability and patronage of quick service restaurants in Port Harcourt. It was recommended that quick service restaurants should regularly improve on their promised service delivery strategies in order to increase the of customer patronage.

Akintan (2016), empirically investigated the effect of service quality dimensions on customer's patronage of selected banks in Ogun state. The findings revealed that there is a positive strong relationship between the six service quality dimensions and customer patronage. The study concluded that banks should improve their network interconnectivity, upgrade their systems especially Automated Teller Machines to accepts deposits and cheques, resolve customer complaints on time, treat customers as king and ensure that their funds are safe.

REVIEW OF LITERATURE

Service Quality Delivery

Service quality is a measure of how an organization delivers its services compared to the expectations of its customers. However service is a performed task that takes place by direct contact between the customer and the service representatives of the service organization which can be provided by a person or via technology, (Ford, Sturman & Heaton, 2010). Service quality delivery is the strategic elements the commercial banks used to differentiate their services from other competitors which consumers can evaluate.

Quality is the total features and characteristics of a product or service that has the ability to satisfy needs (Berry, 1985). Service quality delivery can be when the services rendered conforms to the customer specification and expectation. Parasuraman et al (1985) defined service quality as the discrepancy between consumer's perceptions of services offered by a particular firm and their

expectation about the firms offering such services. Customers are delighted and fulfilled when they receive quality service and this eventually leads to the customer being loyal to the firm. They also refer their friends and loved ones to experience it. Parasuraman et al (1988), developed a model called SERVQUAL MODEL which they used to measure the quality of service. They believed that the major determinants of service quality are:

Tangibility: the appearance of the physical evidence and communication materials conveyed with the banks desired image.

Reliability: this is the ability of the banks to perform the promised service dependably and accurately.

Responsiveness: the willingness of the bank employees to help customers and provide services promptly.

Assurance: the ability of employees' knowledge, courtesy, to inspire trust and confidence.

Empathy: this is caring and personalized attention given to the customers.

Commercial banks as an entity into service activities should understand the crucial need of their targeted customer's specification and expectation to ensure they are satisfied (Maxhand & Plowman, 2012)

Dimensions of Service Quality Delivery

Tangibility

Tangibility in service is the appearance of the physical evidence in the organization such as quality facilities, fittings, equipment, professional personnel and communication materials that are consistent with the desired image. In the banking industry, the physical evidence of the bank can make the customer feel relaxed and assured of getting quality service. The banking hall should be well spacious with air-conditioner to support proper ventilations and comfortable seats where the customers can sit while waiting to receive the service. Kim & Jin (2002) opined that customers are first attracted to what they see before looking at the service they want to receive.

Service Responsiveness

Service responsiveness is the willingness of the organization employees to help customers and provide prompt services delivery. It focuses on the employees' attitude and promptness in dealing with customers' requests, questions, complaints, and problems. It can be evaluated based on timely delivery to the customer's requests. (Malhotra & Mukherjee, 2004) posited that with the aid of technological advancement, banks are able to perform consistently and respond quickly in respect with customers' expectations that will enhance their satisfaction level. Zeithaml et al (2006), opined that responsiveness is the flexibility and ability to personalize the service to customer's needs.

Customer Patronage

Customer patronage is the method of obtaining and buying a firm's product regularly (Howard, 2007). It is the degree to which a customer purchases a firm's products or services and make repeat purchases despite the availability of other competing brands that can serve his or her needs (Rahman et al, 2014).

However, customer patronage of a particular bank depends on how much contentment customers gain with the use of the kinds of products and services offered by the banks. The extent to which a customer will patronize the services of a bank depends on how the customer perceives the banks physical evidence or service cape and how the customer thinks and feels that the condition of the service environment is consistent with his or her personality. Adiele et al (2015), when a customer is satisfied with the service, they also use positive word of mouth to convinced their friends and relatives to patronize the bank, and this creates avenue to increase sales volume and profitability.

Measures of Customer Patronage

There are different criteria which can be used to measure customer patronage. In this study, customer patronage is measured using repeat purchase and referral.

Repeat Purchase

Repeat purchase is the purchase by a customer of a particular product brand as bought previously. It is an indicator to measure the customer loyalty to a brand. It promotes the firms sales volume and market share. (Kotler& Armstrong, 2016), opined that a consumer typically decides to undergo a repeat purchase when he or she is normally satisfied with the brand and is in the last stage of

post purchase behavior of the consumer buying process. Repeat purchase can reveal a customer's loyalty toward a brand and help to reduce the cost of acquiring new customers by the brand. It also gives marketers opportunities to establish and maintain long term customer relationships. Zeithaml et al (2006), believes that repurchase intention focuses on future consumption behaviors when customers purchasing experienced is favorable, there is likely to be a repurchase or repeat buying when the need or demand of product/ services arises.

The commercial banks need to put more effort in ensuring that their customers are satisfied rather than competition.

Referral

Referral as word of mouth is any positive or negative statement made by potential, actual, or customer about a product or service of a company which is made available to a multitude of people and institutions via internet. Customers can act as unpaid advocates by initiating their friends, loved ones, and family to patronize a particular bank when they have delighted experience in their services. Most times customers are likely to purchase a product or services when it's referred by someone close or acquaintances because they trust the opinions of real people more than they trust advertising messages. Banks need to inform their customers about their services and entice them to disseminate the information in order to acquire new customers easily.

According to Mark Zuckerberg, nothing influences people more than a recommendation from a trusted friend. Word of mouth may have higher credibility, empathy, and relevance to customers than marketer-created source of information on web (Bickart&Schinder, 2001).

Methodology

This study adopted the correlational research design. The population of the study comprises of the 22 registered and operating commercial banks in Port Harcourt which is endorsed by the central bank of Nigeria. These banks are: Access bank, First Bank Of Nigeria PLC, Fidelity Bank, First City Monument Bank(FCMB), Guaranty Trust Bank PLC, Stanbic IBTC Bank Ltd, Ecobank Nigeria Ltd, Jaiz Bank, Keystone Bank LTD, Polaris Bank PLC, Sterling Bank, Unity Bank Nigeria LTD, Union Bank Of Nigeria Ltd, United Bank Of Africa PLC, Wema Bank, Zenith Bank PLC, Diamond Bank Of Nigeria, Heritage

Bank Of Nigeria, Standard Chartered Bank LTD, Citibank LTD, Premium Trust Bank, Titan Trust Bank LTD. The census sampling technique was used in this study and unit of analysis consisted of staff such as customer care service, marketers, and operational managers. Structured questionnaire was used as instrument for data collection, two hundred and twenty (220) copies of questionnaires was administered to the respondents of the commercial banks and one hundred and ninety-five (195) were retrieved and proved useful for statistical analysis. The questionnaire was structured using a four (4) point likert scale.

The collected data was analyzed using the spearman’s rank order correlation coefficient statistical tool with the aid of the statistical package for social science (SPSS), version 21.0.

Data Analysis and Results

The dimensions of service quality delivery, tangibility and service responsiveness correlated against the measures of customer patronage, repeat purchase and referral. Spearman’s rank order correlation coefficient statistics was used in analyzing the data collected with the aid of SPSS version 21.0.

Hypotheses one

H₀₁: There is no significant relationship between tangibility and repeat purchase of commercial banks in Port Harcourt.

			Tangibility	Repeat Purchase
Spearman's rho	Tangibility	Correlation Coefficient	1.000	.667**
		Sig. (2-tailed)	.	.000
		N	195	195
	Repeat Purchase	Correlation Coefficient	.667**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

From The result of above table, the SPSS analysis shows the relationship between tangibility and repeat purchase Spearman’s correlation coefficient indicates a strong association between these two variables (P=0.667). The test of significance indicates that with $P=.000$, we can reject the null hypothesis

which states that, there is no significant relationship between tangibility and repeat purchase of commercial banks in Port Harcourt and accept the alternative hypothesis.

Hypotheses two

H₀₂: There is no significant relationship between of tangibility and referral of commercial banks in Port Harcourt.

			Tangibility	Referral
Spearman's rho	Tangibility	Correlation Coefficient	1.000	.631**
		Sig. (2-tailed)	.	.000
		N	195	195
	Referral	Correlation Coefficient	.631**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

The result from the SPSS analysis showed the relationship between tangibility and referral. Spearman's correlation coefficient indicates strong association between these two variables ($r=0.631$). The test of significance indicates that with $P=.000$, we can reject the null hypothesis that states that there is no significant relationship between tangibility and referral of commercial banks in Port Harcourt and accept the alternative hypothesis.

Hypotheses Three

H₀₃: There is no significant relationship between service responsiveness and repeat purchase of commercial banks in Port Harcourt.

			Service Responsiveness	Repeat Purchase
Spearman's rho	Service Responsiveness	Correlation Coefficient	1.000	.685**
		Sig. (2-tailed)	.	.000
		N	195	195
	Repeat Purchase	Correlation Coefficient	.685**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

The result from the SPSS analysis showed the relationship between service responsiveness and repeat purchase. Spearman’s correlation coefficient indicates a strong association between these two variables ($r=0.685$). The test of significance indicates that with $P=0.000$ we can reject the null hypothesis which states that there is no significant relationship between service responsiveness and repeat purchase of the commercial banks in Port Harcourt and accept the alternative hypothesis.

Hypotheses four

Ho₄: There is no significant relationship between service responsiveness and referral of commercial banks in Port Harcourt.

Correlations

		Service Responsiveness		Referral
Spearman's rho	Service Responsiveness	Correlation Coefficient	1.000	.982**
		Sig. (2-tailed)	.	.000
		N	195	195
	Referral	Correlation Coefficient	.982**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

The result from the SPSS analysis showed the relationship between service responsiveness and referral. Spearman’s correlation coefficient indicates a very strong association between these two variables ($r=0.982$). The test of significance indicates that with $P =.000$, we can reject the null hypothesis that states that there is no significant relationship between service responsiveness and referral of commercial banks in Port Harcourt and accept the alternative hypothesis.

CONCLUSION

The study examines the relationship between service quality delivery and customer patronage of commercial banks in Port Harcourt. The results of the hypotheses tested showed that service quality delivery in commercial banks leads to repeat purchase and referral of the customers. The result of the test of hypotheses shows that service quality delivery has a strong, positive and

significant relationship with customer patronage. Thus, customer patronage is as a result of tangibility and service responsiveness.

Recommendations

Based on the study, the following are recommended:

1. Commercial banks should aim to perform promised services dependably and accurately.
2. Managers of commercial banks should ensure convenience of physical facilities and layouts of their establishments. Customers' appreciation of the physical layouts of the banks will lead to increase in the overall assessment of service quality offered by the banks.
3. Commercial banks should provide prompt services to customers. This includes politeness of staff and reduction in the time the customer has to wait in order to get services. This will have positive effect on customer' perceived service quality and customer patronage.
4. Commercial banks should build and maintain good customer relationship in order to retain their existing customers and also attract new ones.
5. Commercial banks should have knowledgeable and professional staff to promote service quality delivery and customer patronage.
6. Commercial banks should ensure there is reliability and security in using their E-banking services.
7. Commercial banks should engage in incentives program as a way to appreciate their customers' patronage.

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