

Impact of Demography on Service Tangibility Perception : Study of a Nationalized Bank in India

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ABSTRACT

Marketing of banking services has become challenging for nationalized banks because of the presence of well-equipped private and foreign banks. There is cutthroat competition of winning and retaining the customers amongst the banks. Service Quality has a key role to play here. It is high time for the nationalized banks to carve out innovative marketing strategies to create an edge over the competitors. The nationalized banks must find out new avenues and address the unserved needs of the market. For the formulation of effective marketing strategies it is very important to know the perception of customers of different demographic profiles. State bank of India is known as Gorilla bank because of its huge financial muscle. It also has privilege of having the customers of varied demographic profiles which the other banks do not have. Customers' demographic needs are mostly unidentified and underserved specially in banking services. The expectation of tangibility varies according to gender, age, income and occupation and therefore perceptions also vary. In this study an attempt has been made to explore the service tangibility perception of the customers of different demographic profiles. The study was conducted by the author, on 330 account holders of State Bank of India in Indore city. F test and ANOVA were used to analyse the data. The study concludes that significant difference was found in the tangibility perception of the customers of different demographic profiles. The banks should pay heed to the demography specific needs of the customer. This can provide the banks an edge over the competitors.

Keywords: Service Quality, Tangibility Perception, Physical Evidence, Marketing Strategies, Demographic Profiles.

INTRODUCTION

With increasing global competition the retailing of banking services has become very challenging for the marketers. Services, being intangible, are difficult for customer to perceive before the encounter and also for the marketers to market. Banking is a high involvement service; therefore the customer is very much concerned about its quality. According to (Parasuraman et al., 1988) the service quality has five dimensions namely- Tangibility, Reliability, Responsiveness, Assurance and Empathy. This study measures the perception of customers on the tangibility dimension of banking services using the SERVQUAL scale (Parasuraman et al., 1988).

The marketer has a difficult job here to create perception of tangibility for intangibles, in other words -tangibilising

the intangibles. Levitt (1981) argued that special difficulties arise from intangibility that leads to quality control problems for the producer and evaluation problems for the consumer. In order to formulate appropriate marketing strategies the marketers of banking services must know how customers perceive tangibility and how much importance they give to tangible aspect of banking services' quality.

In this study an attempt has been made to explore the perception of bank customers about the tangibility aspect of service quality of banking of State Bank of India. This study explores demography wise perceptual differences among the bank customers. The issues being addressed for this are how do the customers perceive about the state-of-the-art equipments in bank, the visual appeal and synchronization of physical facilities with the type of

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service and the appearance of the employees. A good deal of literature is available on service intangibility and service quality. A few of it are presented here.

It has been argued by many authors that the single most important difference between products and services is the characteristic of intangibility. Zeithaml and Bitner (1996) said that intangibility is the key to determining whether or not an offering is a service or product. Lovelock (1991) and Rushton and Carson (1989) opined that this characteristic has a profound effect on the marketing of services. Terrence Levesque and Gordon H.G. McDougall (1996) pointed out that customer satisfaction and retention are critical for retail banks. They investigated the major determinants of customer satisfaction and future intentions in the retail bank sector. They also identified the determinants, which include service quality dimensions (e.g. getting it right the first time), service features (e.g. competitive interest rates), service problems, service recovery and products used. They found that service problems and the bank's service recovery ability have a major impact on customer satisfaction and intentions to switch. Charlene Pleger Bebeko (2000) stated that among the areas that need to be addressed in service quality research is the nature of consumer expectations across the range of intangibility. Subject's demographic characteristics may be responsible for the significant differences in expectations of quality. He concluded that understanding the intangibility of a particular service appears to have some level of importance in understanding consumer quality expectations and proposed the classification matrix for services based strictly on the feature of intangibility. Joanna Magnusson & Eglin Sundin (2005) investigated the relationship between service tangibility and customer loyalty. They concluded that there exists a significant relationship between service tangibility and loyalty in three industries namely Restaurants, Dentistry and Travel agencies. Luther Denton, Alan K.K Chan (1991) investigated multiple banking behaviors in Hong Kong (in the retail sector). 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. S. Sureshchandar, Chandrasekharan,

Rajendran and R.N. Anantharaman (2003) focused on investigating the critical factors of perceived service quality in banks. They compared and contrasted the three groups of banks in India. . Vijay Kumar, N. Raman and R. Srinivasan (2006) studied the factors like account opening formalities, working hours of bank, loan sanctioning procedure, efficiency of staff, value added services, time taken to serve the customers, ambiance facilities, customer dispute settling mechanism, relationship maintained by the bank with the customers, and overall quality of services of private sector banks in Coimbatore city. Mohammed Sadique Khan et al (2006) evaluated the service quality of internet banking (i-banking) services in India from customer's perspective. Demographic analysis of data reveals that gender is hardly a bias for use and evaluation of service quality of i banking in most of the cases across various categories of customers. Roberts Brandon and Campbell Randell (2007) studied the attributes that influence perception of customer service in the retail banking setting and examined important issues to prospective customers with regard to banking choices. Abu Bakar et al. (2011) investigated the determinants of perceived service quality among the customers of domestic and foreign banks in Dhaka, Bangladesh and concluded that domestic private banks reliability, communication, credibility, security, and tangibility are found to be significantly affecting the service quality. Maya Basant Lohani and Pooja Bhatia (2012) compared customers' perceptions of service quality of both public and private banks of India. The service quality of both the banks has been measured using SERVQUAL (service quality) scale. They concluded that dimensions of service quality such as Tangibility, Reliability, Responsiveness, Empathy and Assurance significantly predict customer trust and commitment.

OBJECTIVE

To study the effect of gender, qualification, occupation and income and their interactions on tangibility perception of service quality of State Bank of India.

HYPOTHESES

- H₀₁** There will be no significant effect of gender on tangibility perception of service quality of State Bank of India.
- H₀₂** There will be no significant effect of qualification on tangibility perception of service quality of State Bank of India.

- H₀3** There will be no significant effect of occupation on tangibility perception of service quality of State Bank of India.
- H₀4** There will be no significant effect of income on tangibility perception of service quality of State Bank of India.
- H₀5** There will be no significant effect of interaction of gender and qualification on tangibility perception of service quality of State Bank of India.
- H₀6** There will be no significant effect of interaction between gender and occupation on tangibility perception of service quality of State Bank of India.
- H₀7** There will be no significant effect of interaction of qualification and occupation on tangibility perception of service quality of State Bank of India.
- H₀8** There will be no significant effect of interaction between qualification and income on tangibility perception of service quality of State Bank of India.
- H₀9** There will be no significant effect of interaction between gender and income on tangibility perception of service quality of State Bank of India.
- H₀10** There will be no significant effect of interaction between occupation and income on tangibility perception of service quality of State Bank of India.
- H₀11** There will be no significant effect of interaction among gender, qualification occupation on tangibility perception of service quality of State Bank of India.
- H₀12** There will be no significant effect of interaction among gender, qualification and income on tangibility perception of service quality of State Bank of India.
- H₀13** There will be no significant effect of interaction among gender, occupation and income on tangibility perception of service quality of State Bank of India.
- H₀14** There will be no significant effect of interaction between qualification, occupation and income on tangibility perception of service quality of State Bank of India.

- H₀15** There will be no significant effect of interaction among gender, qualification, occupation and income on tangibility perception of service quality of State Bank of India.

MATERIAL AND METHODS

The study is a judicious mix of exploratory and descriptive designs and a 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 city.

Stratified random sampling technique was used for the present study.

A sample of 330 respondents was selected with the help of a stratified random sampling method. State Bank of India has a large customer base in Indore. Out of these 330 respondents were selected for the study. 33 strata were constructed 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.

RESULT AND DISCUSSION

The objective of the study was "To study the effect of gender, qualification, occupation and income and their interactions on tangibility perception of service and quality of State Bank of India". The results are given in the following table. From the table no.1, this can be observed that "F" value for gender is .885, which is not significant. It means that there is no significant difference between male and female customers with respect to tangibility 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 gender on tangibility perception of service quality of State Bank of India" is not rejected. Therefore, it may be concluded that gender produced no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that the "F" value for qualification is 13.272, which is significant at .01 level with degree of freedom 2/298. It means that there is

significant difference between undergraduate, graduate and postgraduate customers with respect to tangibility 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 tangibility perception of service quality of State Bank of India” is rejected. Table No. 2 about here. From the table no.2, this can be observed that there is significant difference between undergraduate and postgraduate customers with respect to tangibility perception of service quality of State Bank of India.

Further, the mean score for undergraduate customers is 23.30, which is significantly higher than that of postgraduate customers that is 20.33. Therefore, it may be concluded that undergraduate customers are significantly better than postgraduate customers with respect to tangibility perception of service quality of State Bank of India. From the table no.1, this can be observed that “F” value for occupation is .632, which is not significant. It means that there is no significant difference between service class customers and business class customers with respect to tangibility 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 occupation on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that occupation produced no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for income is .820, which is not significant. It means that there is no significant difference among lower income group, middle-income group and higher income group customers with respect to tangibility 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 tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that income produced no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between gender and qualification is 3.119, which is significant at .05 level, with degree of freedom 2/298 it means that there is significant effect of interaction between gender and qualification on tangibility 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 of gender and qualification on tangibility perception of service quality of State Bank of India” is rejected.

Therefore, it may be concluded that gender and qualification are not independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produced significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between gender and occupation is .007, which is not significant; it means that there is no significant effect of interaction between gender and occupation on tangibility 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 between gender and occupation on tangibility perception of service quality of State Bank of India is not rejected. Therefore, it may be concluded that gender and occupation are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between qualification and occupation is 7.894, which is significant at .01 level, with degree of freedom 2/298, it means that there is significant effect of interaction between qualification and occupation on tangibility 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 of qualification and occupation on tangibility perception of service quality of State Bank of India” is rejected.

From the table no.1, this can be observed that “F” value for interaction between gender and income is 1.854, which is not significant, it means that there is no significant effect of interaction between gender and income on tangibility 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 between gender and income on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that gender and income are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce

no significant effect on tangibility perception of service quality of State Bank of India. From the table no.1, this can be observed that “F” value for interaction between qualification and income is 1.024, which is not significant; it means that there is no significant effect of interaction between qualification and income on tangibility 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 between qualification and income on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that qualification and income are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between occupation and income is .413, which is not significant; it means that there is no significant effect of interaction between occupation and income on tangibility 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 between occupation and income on tangibility perception of service quality of State Bank of India”.

Therefore, it may be concluded that occupation and income are independent from each other with respect to tangibility perception of service quality of State Bank of India. From the table no.1, this can be observed that “F” value for interaction between gender, qualification and occupation is .2.689, which is not significant; it means that there is no significant effect of interaction among gender, qualification and occupation on tangibility 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 gender, qualification and occupation on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that gender, qualification and occupation are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produced no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction among gender, qualification and income is .485, which is not significant, it means that there is no significant effect of interaction among gender,

qualification and income on tangibility 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 gender, qualification and income on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that gender, qualification and income are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interactions did not produced significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between gender, occupation and income is .438, which is not significant, it means that there is no significant effect of interaction among gender, occupation and income on tangibility 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 gender, occupation and income on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that gender, occupation and income are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between qualification, occupation and income is .898, which is not significant; it means that there is no significant effect of interaction among qualification, occupation and income tangibility 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 between qualification, occupation and income on tangibility perception of service quality of State Bank of India” is not rejected. Therefore, it may be concluded that qualification, occupation and income are independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce no significant effect on tangibility perception of service quality of State Bank of India.

From the table no.1, this can be observed that “F” value for interaction between gender, qualification, occupation and income is 3.414, which is significant at .05 level with degree of freedom 2/298, it means that there is no significant effect of interaction among gender, qualification, occupation and income on tangibility

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 gender, qualification, occupation and income on tangibility perception of service quality of State Bank of India” is not rejected.

Therefore, it may be concluded that gender, qualification, occupation and income are not independent of each other with respect to tangibility perception of service quality of State Bank of India and their interaction produce no significant effect on tangibility perception of service quality of State Bank of India. On the basis of the findings the researchers have 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 tangibility perception. Efficient monitoring of expectations and perception is very necessary in order to deliver quality service because measuring is only way of understanding and managing them. The banks should develop an effective monitoring system for measurement and monitoring of perceived service quality. With the help of business process reengineering some unnecessary steps must be taken out to reduce the response time thereby reducing customer-waiting time. This will help State Bank of India to improve upon response time and elimination of long waiting time. The perceived waiting time can be reduced by keeping a pleasant ambience, providing interesting magazines at customers' disposal, putting attractive pictures on to the walls, making more comfortable sitting arrangement and providing physical facilities like toilets drinking water and parking space. Concept of Total Quality management can be adopted for continuous improvements. Benchmarking i.e. comparing the services with those of competitors is another way of achieving continuous improvements in tangibility dimension of service quality. The best practices of competitor banks regarding physical facilities and infrastructure can be observed and adopted for betterment.

The above suggestions may be taken as generalized for nationalized banks and should be implemented strategically for achieving competitive advantage.

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Table I

Dependent Variable: Tangibility Perception					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
GENDER	12.615	1	12.615	.885	.348
QUALIF	378.366	2	189.183	13.272	.000
OCCU	9.012	1	9.012	.632	.427
INCOME	23.382	2	11.691	.820	.441
GENDER * QUALIF	88.931	2	44.465	3.119	.046
GENDER * OCCU	9.571E-02	1	9.571E-02	.007	.935
QUALIF * OCCU	225.039	2	112.520	7.894	.000
GENDER * QUALIF * OCCU	76.646	2	38.323	2.689	.070
GENDER * INCOME	52.857	2	26.429	1.854	.158
QUALIF * INCOME	58.359	4	14.590	1.024	.395
GENDER * QUALIF * INCOME	20.734	3	6.911	.485	.693
OCCU * INCOME	11.762	2	5.881	.413	.662
GENDER * OCCU * INCOME	12.484	2	6.242	.438	.646
QUALIF * OCCU * INCOME	38.402	3	12.801	.898	.443
GENDER * QUALIF * OCCU * INCOME	97.316	2	48.658	3.414	.034
Error	4219.203	296	14.254		

Table II

Multiple Comparisons –Post Hoc Test						
Dependent Variable: Tangibility Perception						
		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
(I)	(J)				Lower Bound	Upper Bound
UG	Graduate	1.0910	.5491	.115	-.1959	2.3780
	PG	2.9769(*)	.5407	.000	1.7096	4.2442

* The mean difference is significant at the .01 level.