

## **To Analysis the impact of service encounter in selected public sector banks in Lucknow City**

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**Abstract-**Financial services marketing, especially among banking industry , there are a limited number of opportunities to influence the customer, as the service is becoming more automated, Since personal interaction with banks customer are becoming less numerous, customer are demanding higher quality contact and more individual treatment. In this research paper, we examine antecedents and service encounter satisfaction outcomes in the banking sector. The results of the survey in Lucknow market indicate that, materiality, interactivity and rituality are the indicators of perceived service encounter, which has the strong positive effect on service encounter satisfaction. In addition, service encounter satisfaction will result in the repeat using services and referral to other customers. This study can help banks evaluate and improve service encounter satisfaction.

### **Introduction-**

Interaction between customers and banks employees are an important component of service quality. This is particularly true for services characterized by high levels of person-to-person interactions and the absence of exchange of tangible goods. The customer leaves the service with feelings of satisfaction or frustration. For liaison employees, encounters can be either a rewarding experience or a traumatic event. The customer comes away from the service interaction with feelings of satisfaction or frustration. For contact personnel, engaging in good interactions with customers is a major concern. Since they spend the major part of their working life with customers, it is difficult for them to isolate their personal feelings from job events and they are affected by bad encounters. As Schneider (1973) noted, employees are

frustrated when organizational settings or company policy impede their ability to provide good service.

Banking service is considered as the pure service sector because no tangible objective is exchanged and it is difficult to measure service quality (Solomon *et al.*, 1985). In the pure service context, customer satisfaction and repeat patronage are determined solely by the quality of the personal encounters, constitutes service encounter (Solomon *et al.*, 1985). In other words, in the retail banking service, customer satisfaction is built based on the basis of the person-to-person interaction in the service encounter. The success of service encounter is a key indicator of loyalty behaviors such as repurchases services, positive word of mouth, and referral to other customers (Singh, 2013). It becomes necessary to know deeply about the factors affecting service encounter satisfaction in the retail banking and to examine the effects of service encounter satisfaction on the customer behaviours such as loyalty behaviours.

### **Dimension of Service Encounter-**

Several methods have been suggested to evaluate interaction quality. Klaus (1985) advocates a holistic approach using video recordings. The expert then divide the encounter into typical sequences of behaviour. This method is based on expert knowledge and inferences. Therefore, the results are not easily quantifiable and prohibit the use of large samples. Using the critical incident method, Bitner *et al.* (1990) have collected event from many services in order to identify which incident and contact employees' behaviours cause unsatisfactory or satisfactory encounters. We did not use this method because of the following weaknesses:

- 1) The process of data collection relies heavily on the memory and judgment of the staff.
- 2) Critical incidents are relatively scarce in most services.

- 3) The method provides managerial insight which is helpful to train employees towards providing exceptionally good interaction and avoiding very bad encounters. However, it does not give cues to assess ordinary encounters.

We chose a dimensional approach, because we believe that clients and staff use stable criteria when evaluating the quality of interaction. Parasuraman *et al.* (1988) one of the first who have been advocate a dimensional analysis. However, they are mainly interested in the quality of the global service. We believe that sociological approaches are more appropriate to capture the interactive process of service encounter. Goffman (1974, 1983) indicate the importance of the rites and ceremonials that shape the dynamics of the encounter. He also insists on the short-lived ties created during the process of interaction. Therefore, we decided to include the dimensions of materiality, Interactivity, customer help desk and rituality. To avoid global evaluation. We broke them into various sub dimension inspired by the works of Gumperz (1989), Siehl, Bowen and Pearson (1990), Surprenant and Solomon (1987).

**Interactive-** Interactivity encompasses the relationships of service at work during the meeting. Includes six secondary dimensions-

- a) Ability to explain
- b) Listening
- c) Responsiveness
- d) Psychological proximity
- e) Understanding
- f) personalization;

**Rituality-**Rituality includes all the ceremonial and contextual aspects which shape the “climate” of encounter

- a) confidence
- b) courtesy

- c) attitude of receptionists;
- d) security
- e) Waiting time.

**Materiality-** Includes secondary dimensions-

- a) employee appearance
- b) equipment and physical facilities of the agency

### **ISSUES RELATED TO CHANGING BANKING INDUSTRY**

Technology was the nucleus of Service encounter strategies few years' ago. The technology was new, sophisticated and very difficult to manage. Now it is evolving to a Commodity piece within service encounter strategies. Some issues related to changing banking industry are:

**Integration of different systems-** The integration of different systems such as customer data and product data has improved dramatically. Due to lack of channel data and the dispersion of channel responsibilities throughout the organization, most financial institutions develop channel strategies and manage their channels poorly and in an uncoordinated fashion. This leads to suboptimal resource allocation and poor customer management. Leading banks have realized this problem and are addressing this aggressively. The whole area of integrated channel management which is tightly coupled with Customer Relationship Management will rapidly evolve to higher levels of sophistication.

**Usage of multi-channel by customers-** Multi-channel customers having real-time interface is a buzzword. The First, customers use different channels to go to their bank such as the branch, self-service machines, the service center or the internet, Service Encounter goes multichannel. Second, in addition to cross selling, the processes of client retention and improvements in client loyalty are getting more important. Firms have been slow to adopt due to the greater complexity of the relationships and number of touch-points.

**Branding-** Service Encounter will contribute more to branding. Not just ROI on every contact will be leading, but the way customers want to be perceived as a brand will become more important. Lot of effort is put on being there at customers' moments-of-truth.

### **Literature Review-**

1. Evans (1995) Maintains that sale is a social situation involving two people. The interaction of two people, in turn, depends upon the social, personal, and economic characteristics of each of them. To understand the process, however, it is necessary to look at both the parts of the sale as a dyad, not individually.
2. Solomon et al. (1985) Again expressed the related view and went on to derive a set of prepositions that can be used to examine service encounters. Their findings emphasized the joint behaviour of both service providers and customer interactions. The organizational setting provides explicit and implicit hints to service providers that help determine the content of the service provider role. This process in turn has an impact on and is affected by the customer role.
3. Bitner (1990) gave the opinion that for consumers, assessment of the service industry generally depends on the assessment of 'service encounter' or a period of time during which customers directly interact with the service provider. Therefore it is essential to know the factors that influence customer assessment during the service encounter. The author presented a model for understanding the service evaluation that attribution theory synthesizes consumer satisfaction, and services marketing.

### **Scope of the study-**

The scope of the study and its coverage area is limited to Lucknow district. The current study focuses specifically on rural banks. The sample was taken from the rural bank branches of five major public banks: Punjab National Bank, Union Bank of India, Bank of Baroda, Canara Bank, and Bank of India.

The main purpose of this study was to investigate and evaluate current service encounter practices, from deployment readiness, to the benefits or challenges of deployment. Study in this area will help identify challenges and failure factors, which in turn will help develop guidelines that contribute to better service encounter policy development, prosperous customer relationships, and long-term survival of the market.

### **Objective of the study-**

- 1- To study the relevance of materiality in enhancing customer satisfaction.
- 2- To study the impact of interactivity on customer satisfaction.
- 3- To analysis the role of rituality on customer satisfaction.

### **Research Methodology**

The Study is descriptive in nature. The study is done to measure service encounter effectiveness in public sector banks of rural area In Lucknow district. The population of the study constitutes to the customers of the selected public sector banks (PNB, BOB, UBI, Canara Bank, and BOI) in Lucknow district. The purpose of the study was explained to the customers. The customers who were wished to participate were considered as Sample Size. The sample size for the study is 300 by adopting convenience sampling.

Scaling involves ranking individuals according to a classificatory system. It is ordering of a Number of related items (descriptive characteristic or attitude statements) to form a continuum in order to provide a means of quantitative measurement of qualitative variables. It requires assigning scores or numbers to the variables or attributes being measured. For the present study, five point scaling technique were used for getting responses from the respondents (customers) in the study area through appropriate scoring pattern and it was collected in the form of questionnaire type of research tool.

Both Primary and Secondary data were considered for the study. The primary data were collected from questionnaire, which consists of eight dimensions Organization Commitment,

Customer Experience, Process Driven Approach, Reliability, Technology Orientation, Customer Satisfaction, Customer loyalty and Cross buying and finally questions regarding the personal details of the customers. Secondary data were collected from books, study materials and internet.

Appropriate Statistical technologies are used to supplement the analysis and data interpretation. Statistical techniques like regression are applied with the help of SPSS. V 18 (Statistical Package Tools for Social Science) at the appropriate juncture.

### **Hypothesis-**

**Null Hypothesis  $H_0$** - There is insignificant impact of materiality in enhancing customer satisfaction.

**Alternative Hypothesis  $H_1$** . Materiality has significant impact in enhancing customer satisfaction.

**Hypothesis 2 Null Hypothesis  $H_0$** .There is no significant impact of interactivity on customer satisfaction.

**Alternative Hypothesis  $H_1$** . There is a significant impact of interactivity on customer satisfaction.

### **Hypothesis 3**

**Null Hypothesis  $H_0$** There is no any significant effect of customer help desk on customer perception.

**Alternative Hypothesis  $H_1$** There is significant effect of Customer help desk on perception of customer.

<b>Table no-1 Research Methodology</b>		
i.	Universe	Rural Bank Customers of Lucknow
ii.	Research Design	Descriptive Study
iii.	Sampling Method	Non Probability Sampling
iv.	Sampling Unit	Customers of Rural Branch of Selected Banks
v.	Sample Size	300
vi.	Sampling Criteria	Market Cap
vii.	Sampling Technique	Convenience Sampling/Purposive Sampling
viii.	Analysis Used	Regression , Percentage Analysis

Conceptual model-

### **Data Analysis and Interpretation-**

### **Statistical Significance of the Model-**

The F ratio in the ANOVA Table tests the overall goodness of Fit of the data-

### **ANOVA MODEL-**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>Regression</b>	<b>107.616</b>	<b>4</b>	<b>26.904</b>	<b>1324.412</b>	<b>.000<sup>b</sup></b>
<b>Residual</b>	<b>5.993</b>	<b>295</b>	<b>.020</b>		

<b>Total</b>	<b>113.609</b>	<b>299</b>			
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**Analysis-** shows that the independent variables are statistically Significant prediction of the dependent variable,  $F(4,295) = 1324.412, p < .05$  (i.e., the regression model is a good fit of the data)

**5.6-.EstimatedModelCoefficients**

	Unorganized coefficient		Standardized Coefficient	T	Sig	Result
	Beta	Standard error				
	Bata					
Constant	.604	.047		12.847	.000	Significant
Interactivity	.492	.037	.540	13.265	.000	Significant
Rituality	-.362	.040	-.378	-9.120	.000	Significant
Materiality	.418	.029	.473	14.653	.000	Significant

**Source SPSS Out Put**

It can be seen from the table 5.7 the table that the Interactivity, rituality, help desk and materiality are found to be statistically significant as their P value is less than 0.05.

Therefore the general form of the equation to Customer satisfaction will be- Predicted (Customer satisfaction) = .604+.942 Interactivity+ (-.362 Rituality) +.418 Materiality.

The model indicate that Interactivity, materiality, help desk and rituality are the key factor that affecting customer satisfaction in banking industry.

## Formulation of Hypothesis-

### Hypothesis 1

- **Null Hypothesis  $H_0$** - There is insignificant impact of materiality in enhancing customer satisfaction.
- **Alternative Hypothesis  $H_1$** .Materiality has significant impact in enhancing customer satisfaction.

The table also shows that the t statistics, calculated as Beta Value is divided by the standard error. As the P value is less than 0.05 therefore the null hypothesis has been rejected. Hence it can be understood that Materiality has significant impact in enhancing customer satisfaction.

### Hypothesis 2

- **Null Hypothesis  $H_0$** .There is no significant impact of interactivity on customer satisfaction.
- **Alternative Hypothesis  $H_1$** .There is a significant impact of interactivity on customer satisfaction.

The table also shows that the t statistics, calculated as Beta Value is divided by the standard error. As the P value is less than 0.05 therefore the null hypothesis has been rejected. Hence it can be said that Interactivity has significant impact in enhancing customer satisfaction.

### Hypothesis 3

- **Null Hypothesis  $H_0$** There is no any significant effect of customer help desk on customer perception.

- **Alternative Hypothesis  $H_1$**  There is significant effect of Customer help desk on perception of customer.

The table also shows that the t statistics, calculated as Beta Value is divided by the standard error. As the P value is less than 0.05 therefore the null hypothesis has been rejected. Hence it can be understood that help desk has significant impact in enhancing customer satisfaction.

### Model summary-

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.973 <sup>a</sup>	.947	.947	.14253

a. Predictors: (Constant), M, I, HD, R

The "Column represents the value of R, the multiple Correlation coefficients. R can be considered to be one measure of the quality of the prediction of the dependent variable; in this case, it is found to be 0.973, which revealed that the model has a good level of prediction.

The "R Square" column represents the coefficient of determination, which is the proportion of variance in the dependent variable that can be explained by the independent variables. The value of  $R^2=0.947$  implied that independent variable is taken for the study explained 94.7% of the variability of the dependent variable.

**Discussion and conclusion-**Service encounter in Banks and it helps in changing processes in business and also changes the structure and culture of the organization. In the competitive environment, Indian Banking Sector should adopt suitable marketing strategy and also

constantly introduce the new services for the growth of the banks. In the present context, inevitable marketing tool is customer relationship management and with regard to banks CRM can be considered as critical responsibility of market. This study is important to the Indian Banking Sector to get the significant information to keep the new and existing customers and maintain the continuous relationship with the new and prospective customers. Indian banking sector is an important agent of growth of the economic and the financial sector. The banking industry must identify areas of marketing, adequate resources should be developed, these resources must be converted into effective and efficient services and distribute those services to satisfying the needs of the customers. In accordance with the availability of different categories of the customers, service encounter enables customer segmentation, which able to customize banking products and services. The banking industry acquires customers, provide best customer service and retain valued customers all these are allows by a good service encounter.

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