Chapter 75

Customer Management Practices:
Multiple Case Studies in Stock Broking Services

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ABSTRACT

The paper explores the interrelationships between service quality, customer satisfaction, customer retention, and customer loyalty through multiple (three) case studies in stock broking settings. A semi-structured, face-to-face interview was conducted of staff members. The findings from the study show that service quality as an overall and each of them are positively associated with customer satisfaction. The findings also suggested that customer retention is the predictor for customer loyalty in stock broking services. The proposed theory model may provide adoption guidance and a practical foundation for customer management to managers.

1. INTRODUCTION

The phenomenon of declining in customer satisfaction and customer retention becomes the major concern of the stock broking firms because the two factors determine the customer loyalty and then financial performance of the firms. The factors that simultaneously influence customer satisfaction and loyalty are the customer perception on service quality dimensions. The constructs of service quality namely tangibility, responsiveness, reliability, assurance, and empathy are high management concerns ((Parasuraman, 1997; Olorunniwo and Hsu, 2006). The stock broking industry is passing through a phase of customers market. The customers have more choices in choosing their brokers. The focus on customer retention is important in financial services where deregulation has given more options to customers to select their service providers (Levesque and
McDougall, 1996). In stock broking services, customer satisfaction mainly depends on the process of service delivery. This fact highlights the important role of the service quality parameters. Customer satisfaction is quite a complex issue and it is also responsible for customer retention and hence for company’s performance (Gruca and Rego, 2005). There may be possibility that a dis-satisfied customer starts searching for another stock broking firm, resulting in a break in the relationship with earlier firm which he was dissatisfied. In a service industry like stock broking, the quality of customer services holds primary significance, particularly for sustained business growth. The study has been on service quality and its dimensions in service marketing over the last several decades. Many studies have examined the significant relation between service quality and customer satisfaction (Pantouvakis, 2010). Service quality is a significant factor in increasing customer satisfaction and retention (Dukart, 1998; Leal & Pereira, 2003; Parasuraman, Zeithaml, & Berry, 1985, 1988). Parasuraman et al. (1988) developed SERVQUAL, an instrument which played a pivotal role in measuring conventional service quality. In spite of several studies among services marketing, no study has examined the association between service quality and customer satisfaction in stock broking services. The present paper aims to study customer management practices in stock broking services. The study also explores the interrelationships between service quality, customer satisfaction, customer retention, and customer loyalty through multiple case studies in the stock broking settings. It argues that service quality lead to customer satisfaction, which in turn affects customer retention and customer loyalty. This perspective could improve managerial understanding of the service quality and customer satisfaction in stock broking services.

2. LITERATURE REVIEW

2.1. Customer Satisfaction

The full meeting of customer’s expectations is known as customer satisfaction (Oliver, 1980) and can be described as the feeling or attitude of a customer towards used product or service. It is considered as the result of customer evaluating a specific experience (transaction with the firm). Storbacka, Strandvik, and Gronroos (1994) defined customer satisfaction as a customer’s cognitive and affective evaluation based on his or her personal experiences across all service episodes within the relationship. Customer satisfaction is a key variable to affect many other performance related variables in the firm (Luo and Homburg, 2007). Customer satisfaction is a strong predictor for customer retention and loyalty (Ravald and Gronroos, 1996). The existence of a friendly relationship between service provider and customer can drive to the firm’s success by fostering customer satisfaction and loyalty intention (Guenzi and Pelloni, 2004). The frequent interaction with customers is a major cause of service provider burnout, which presumably affects service quality and customer satisfaction (Yagil, 2006). Stock broking firms need to maintain long-term stable and close relationships with their clients. It is the way of expression or attitude of a consumer toward a product or service after the consumption (Metawa and Almossawi, 1998). It is identified that customer satisfaction is a antecedent of customer loyalty (Akhter et al., 2011) and result in better financial performance of the firm (Fatholahzadeh et al., 2011). It is assumed that a high degree of customer satisfaction leads to increases in repurchase patronage among current customers and enhance firm’s market reputation (Augustyn and Ho, 1998).