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BUSINESS STRATEGIES:
THE QUEST FOR MANAGERIAL EXCELLENCE



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Deferential customer-satisfaction: The central building-block of customer retention

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Abstract

It is well proven fact that acquiring new customers is much more costly than retain the existing customers, which depends on varying degree of customer-satisfaction (proposed as differential customer-satisfaction) that develops over the time period in the service industry, especially in banking industry. Here, the retention refers not only the repeat purchase/subscription of the product but also argues that 'referring others to subscribe' the same/similar financial product, positive intention towards the new products of the same organization, and remain with organization even in its' bad time. Overall understanding of customer is nothing but the level at which all the above three dimensions of customer-retention differs over the time period, which proposed to be determined by deferential satisfaction of concerned customers. On this contextual background, the research problem can be stated as "can the deferential customer-satisfaction predict certain degree of customer-retention being moderated by customer's biasness?" Basing upon the stated research problem the objectives of this study are (1) to examine the drivers of the deferential satisfaction of customers, (2) to propose a model by logically relating the deferential customer-satisfaction with the customer-retention along varying degree, and (3) to examine the moderation effect of customer's biasness within the effect of differential satisfaction on customer-retention. This study follows the descriptive research design, where review of literatures like empirical studies, theoretical research works, case studies and survey results. By putting the analytical arguments within these reviews, a model is proposed. The past experience of the researchers also helped to logically relate the components of the model. The major finding of this study is resulted a 'proposed model', which is justifying the drivers of the deferential customer-satisfaction in the banking industry and the deferential customer-satisfaction leads to a certain degree of 'customer-retention' with the moderating role of customer's biasness. The major drivers of customer's deferential customer-satisfaction are service encounter, availability of better alternative, the dynamism of customer psychology, trustworthiness, customer's location & convenience, and the level of knowledge regarding the concerned financial product(s). So far as originality/contribution is concerned, it can be said that rarely any researchers studied the incremental growth or downturn of customer-satisfaction, proposed as differential customer- satisfaction in this study. Further, how much the deferential customer-satisfaction brings change in the degree of customer-retention is argued through a model, justifying the uniqueness of the present study.

Keywords: - Differential customer-satisfaction, Customer-retention, Customer's biasness