International Journal of Scientific Engineering and Research (IJSER)
ISSN (Online): 2347-3878
Index Copernicus Value (2015): 62.86 | Impact Factor (2015): 3.791

Impact of Customer Satisfaction on Customer Loyalty in the Banking Sector

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Abstract: ***This study seeks to investigate the impact of customer satisfaction on customer loyalty in the banking sector in Botswana and the effect of demographics as moderating constructs was also investigated. An explanatory research design was adopted in which a self-administered questionnaire was distributed to forty-four respondents randomly selected from those who visited Standard Chartered Bank. Data analysis was done by Statistical Packages for Social Sciences (SPSS version 16.0). The study revealed that there is a positive relationship between customer satisfaction and customer loyalty. Banks were therefore recommended to influence customer satisfaction positively with the aim of achieving customer loyalty.***

Keywords: Customer satisfaction, Customer loyalty, gender, income, age and educational qualification

1. Background of the Study

The association between customer satisfaction and customer loyalty is one of the most essential relationships for marketing theory and practice, because loyalty impacts firms‟‟ financial performance and value (Wong, Tong and Wong 2014). Also, the association between customer satisfaction and customer loyalty links customer attitudes (for example, how much customers are satisfied with firms‟‟ product or service) to customer behaviour (for example, customers‟‟ actual repurchase behaviour for the product or service) (Mohsan, Nawaz, Khan, Shaukat and Aslam 2011). Past research has shown that even the most successful brands will reach decline stage and that would require serious promotions to bring back the brands on the world map, for example product restructuring (Santouridis and Trivellas 2010). To overcome the decline in performance, constant reviews are made on creation of customer loyalty (Birchall and Graham 1995). According to Bansal and Gupta (2001) building customer loyalty is not a choice any longer with businesses but it is the only way of building sustainable competitive advantages.

Standard Chartered is one of the leading banks in Botswana. The core business of the organization is to provide a wide range of banking services like, personal banking, private banking and business banking. Since the organization is facing stiff competition from competitors like FNB Bank, Stanbic Bank, Banc ABC, Bank of Baroda and others, this requires the organization to carry out some research and development programs so as to remain competitive. Rivals are there to unleash confusion with customers‟‟ minds and perceptions. There is therefore the need to create defensive strategies in order to withstand the overwhelming competition. The main focus should be on continuous innovation and concern for customers in order to prove excellence in the service delivery. According to Kotler and Keller (2013) people usually buy brand names, signs and logos rather than the service themselves.

Rapid and wide spread expansion and innovation of the mobile financial services (My Zaka, Orange money and others) caused a great confusion in the banking sector and competition among the banks themselves brought shiver in the performance of most banks one of which is Standard Chartered bank. Banks have suffered rapid decline in customer base and several challenges related to cash flow decline. The emergence of mobile banking among other things have raised customer expectations and led to the need for Standard Chartered to focus on creating customer loyalty. Some theories argue that service quality has greater impact on loyalty (Poku, Zakari and Soali, 2013). However, according to Donio (2006) good service alone may be insufficient to influence repurchase behaviour. This insufficiency leaves managers and researchers alike with the curiosity of acquiring additional information to answer the question of what exactly drives customer loyalty. Therefore, this study was done in order to determine the impact of customer satisfaction on customer loyalty.

2. Literature Review

2.1 Customer satisfaction-Loyalty relationship

Hallowell (1996) defined satisfaction as a post choice evaluative judgment of a specific transaction. It emanates from customer‟‟s perception of the value received during transacting or relationship where value equates to perceived service quality relative to price and customer acquisition costs (Hallowell, 1996; Blanchard and Galloway, 1994).

According to Santouridis and Trivellas (2010) satisfaction can therefore be seen as an output of customer service or service encounters just as customer loyalty is. Schiffman, et al (2010) advocate that customer satisfaction is identified by a response that pertains to a particular focus (purchase experience or associated product) and occurs at a certain time (post purchase or post consumption). This definition supports the view that a consumer‟‟s level of satisfaction is determined by cumulative experience at the point of contact with the supplier (Santouridis and Trivellas, 2010). A marketer who adopts the marketing concept sees customer satisfaction as the path to profits. To ensure survival and success, organisations therefore have to satisfy their customers. Chiguvi (2016) explains that customer satisfaction is the customer‟s feeling that a product has met or exceeded his/ her expectations.

Customer loyalty is defined as a commitment to continue purchasing a preferred product or service consistently regardless of situational factors and marketing efforts which might result in switching behaviour (Chiguvi, 2016). According to Mellroy and Barnett (2000) loyalty is a customer‟s commitment to do business with a given organization, to purchase its goods or services repeatedly and to recommend them to colleagues. The relationship was argued to continue as long as customers feel they are receiving better value than they would obtain from rival suppliers (Mellroy and Barnett, 2000). Customer loyalty is formed by sustained satisfaction of the customer accompanied by emotional attachment formed with the service provider that generates willingness and consistence in the relationship with preference, patronage and premium (Rai and Medha, 2013).

Expectation-confirmation theory is widely used in the marketing and information systems literature (Oliver, 1999) to study consumer satisfaction and repurchase intention and behaviour. The model gives implications that consumers buy goods or services with anticipated performance expectations. The expectation is argued to be used as a standard (benchmark) or point of reference against which the product judgements are made. Once the product or service has been used, outcomes are compared against expectations. An expectation is confirmed when the perceived product or service performance is judged positive (positive confirmation). Disconfirmation (negative confirmation) occurs where the perceived product performance is below expectation (Oliver, 1997).

The underlying logic of the expectation-confirmation theory framework is described as follows: First, consumers form an expectation of a specific product or service prior to a transaction. Second, after a period of consumption, they form perceptions about its performance. Third, they assess its perceived performance against their original expectation and determine the extent to which their expectation is confirmed.

Fourth, they develop a satisfaction level based on their confirmation level and the expectation on which that confirmation was based. Finally, they form a repurchase intention based on their level of satisfaction. It is important to note that all constructs in the theory except expectation are post-purchase variables, and their assessment is based on the consumer‟s actual experiences with the service (Oliver, 1999). In simple terms, if perceived performance is positive, positive confirmation will result and thereby resulting in satisfaction, satisfaction will lead to repurchase intension and finally loyalty (Kim, Ferrin and Rao, 2003). The expectation- confirmation theory was diagrammatically illustrated in Figure 2.0:

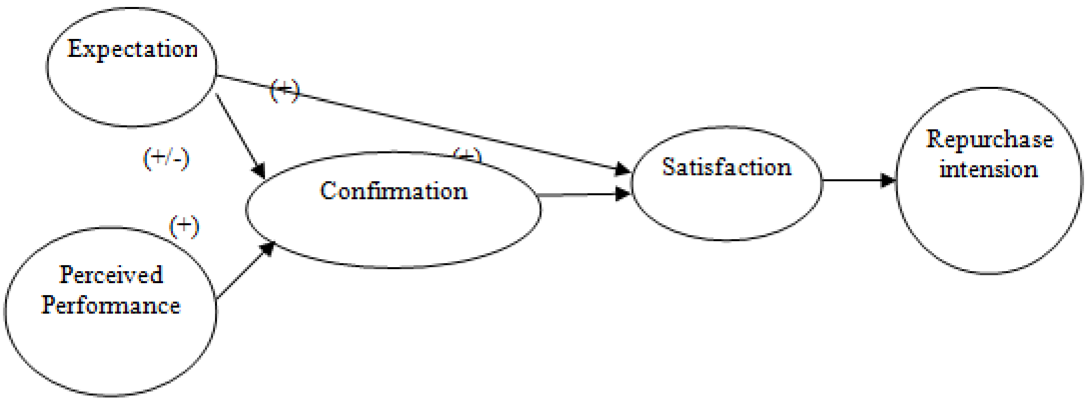

Figure 2: Expectation- Confirmation model: Source: Kim, Ferrin and Rao (2003)

The Theory of Reasoned Action was developed by Fishbein in 1967. In 1975 Ajzen joined him in revising and expanding the theory. The theory works together with its extension (theory of planned behaviour) and the theories are often referred to as one (Pelletier and Mongeau, 1992). It was developed on the basis of two assumptions: human beings are rational and they systematically use available information; and take note of the consequences of their actions before making decisions on whether to engage in certain behaviours or not. This theory suggests that a human behaviour is determined by the intention to perform and that intention is a function of attitude toward the behaviour or subjective norm. Intention explains one‟s cognitive preparedness to perform certain behaviour and is argued to be the closest antecedent of behaviour (Pelletier and Mongeau, 1992).

According Schiffman et al (2010) intention is determined by three variables: personal attitude toward certain behaviour, subjective norms and perceived behavioural control. The theory of planned behaviour asserts that specific attitudes toward behaviour can result in intentions which lead to behaviours. According to Pelletier and Mongeau (1992) the theory of reasoned action proposes that, after assessment of attitude, there is need to assess subjective norms (customers‟ beliefs about how relatives and friends will view certain behaviour). The theory of reasoned action also states that customer behaviour is influenced by perceived behavioural control (customers‟ perceptions about their ability to perform). The factors above were believed to influence customer loyalty intension (conative loyalty).

As a rule of this theory, the more favourable subjective norm and an attitude is towards given behaviour and the greater the perceived control the stronger the behavioural intention.

According to Ajzen and Fishbein (1975), intentions translate directly to behaviour, suggesting that when it comes to satisfaction and retention, satisfied customers have higher repurchase intentions, which can be translated into re-purchase behaviour or loyalty (Anderson and Sullivan, 1993). A model explaining the theory was presented in figure 2.1:

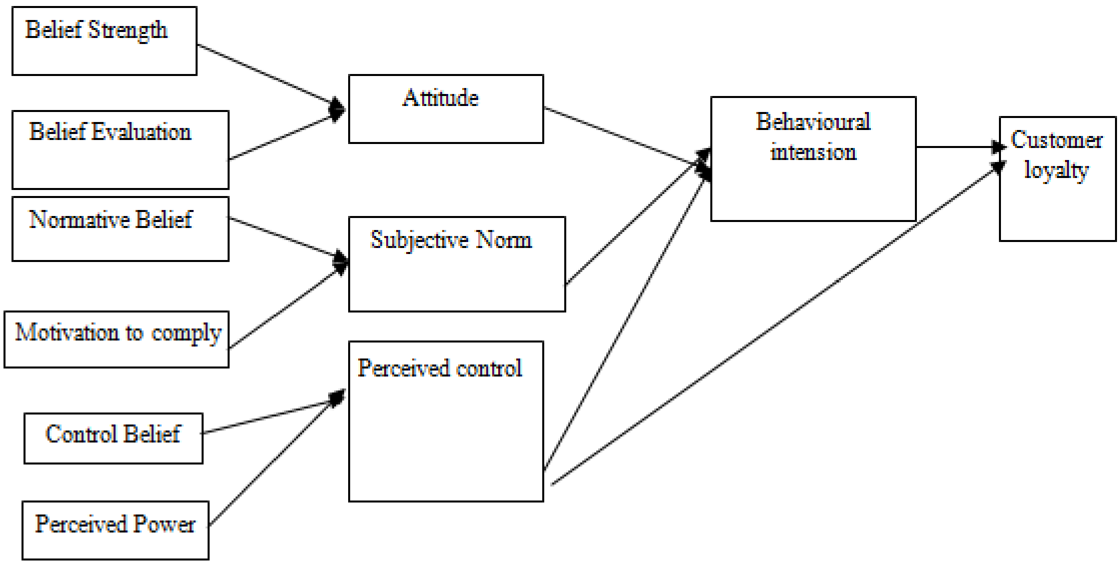

Figure 2.1: Model on the Theory of Reasoned Action: Source: Hale, Householder and Greene (2004)

2.1.1 Role of moderating variables

Gender

In the area of gender, researchers found out that personality differences had a bearing on satisfaction and loyalty trends, that is, males are more aggressive, assertive and independent and have less anxiety compared to female customers (Fernandes, Proenca and Rambocas, 2014). According to Homburg and Gisering (2001) women tend to invest more in purchasing activity than men and pay more attention to the activities of marketers. It also has been suggested that females can be easily influenced (Dewan and Mahajan, 2014) and are more likely to conform than males. Homburg and Giering (2001) found that gender might moderate the relationship between customer satisfaction and loyalty and that the loyalty effect of satisfaction with the sales process is stronger for female customer compared to their male counterparts. However, on this topic, Evanschitzky and Wunderlich (2006) found out that gender has no moderating role on the relationship between customer satisfaction and customer loyalty.

Age

Cognitive age has increasingly become important for research, as young people are argued to be more willing to test new product brands (Szmigin and Carrigan 2001). According Dewan and Mahajan (2014) this might mean that cognitively younger customers can be satisfied but not loyal as they might be more willing to switch whenever they discover better offers elsewhere. Anic and Radas (2006) propose that, younger customers are easy to satisfy but older customers can be satisfied more easily. According Anic and Radas (2006) older customers usually make decisions on the bases of their experience and wisdom and concentrate much on analysis of producers. They tend to resist change and are less motivated by technological advancement (Dewan and Mahajan, 2014). According to Szmigin and Carrigan (2001) younger consumers tend to processing more information and examine lots of product attributes together with alternatives than their older counterparts. This has been argued to have an acceleration effect on consumer expectations and that makes them more difficult to satisfy (Szmigin and Carrigan, 2001). According Homburg and Gisering (2001)‟s research, age has a moderating effect on the relationship between customer satisfaction and loyalty.

Income

Studies have found out that high income earners are more innovative and adopt new products, services or technology earlier compared to those with lower incomes (Anic and Radas, 2006; Szmigin and Carrigan, 2001; and Schaninger and Sciglimpaglia 1981). Schaninger and Sciglimpaglia (1981) found that consumers with higher social status (high income earners) tend to process more information and examine product attributes and alternatives compared to those with lower social status (low income earners). In their study, Evanschitzky and Wunderlich (2006) found out that income has a moderating effect on loyalty for lower income customers. Higher income earners tend to have more choices to evaluate and therefore have higher product or service expectations (Schaninger and Sciglimpaglia 1981), this might make them more difficult to satisfy than lower income customers who have fewer alternatives and are more loyal.

Educational Qualifications

Highly educated customers usually come first when it comes to attraction by technological advancement (Schaninger and Sciglimpaglia 1981). According to Fernandes, Proença and Rambocas (2014) empirical findings have shown that there is a negative relationship between customer loyalty and education, that is, the higher the customers‟ education level is the more their loyalty diminishes (Mittal and Kamakura, 2001). In general, highly educated customers search for as much information as possible, are expected to be more aware of substitute products or services and have better capabilities of evaluating options making them more difficult to satisfy (Fernandes, et al., 2014). In addition, highly educated customers are associated with higher levels of incomes (Fournier 1998) which correlates with lower loyalty levels. According to Cooil, Keiningham, Aksoy and Hsu (2007) this shows the possibility of educational qualifications impacting on customer satisfaction-loyalty outcomes. For all the moderating variables explained, a conceptual model was designed (see Fig 2.0):

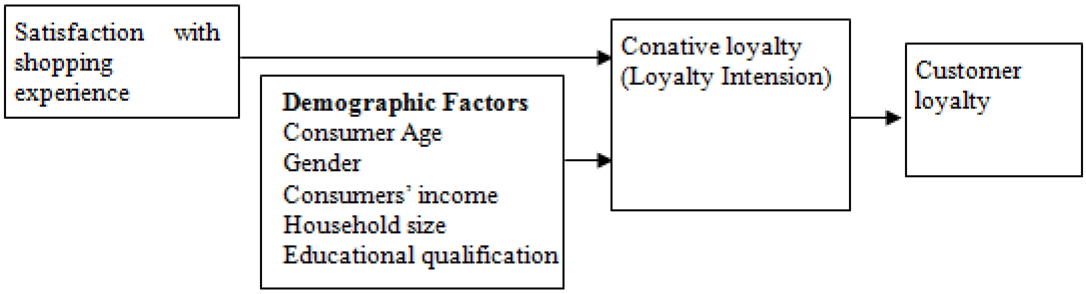

Figure 2: Conceptual Model: Source: Anic and Radas (2006)

2.1.2 The relationship between customer satisfaction and customer loyalty

Customer loyalty is believed to be subject to several influencing factors some of which are customer trusts, commitment and service quality (Santouridis and Trivellas 2010; and Vuuren Lombard and Tonder, 2012). The hypothesis was that, there is a positive relationship between customer satisfaction and customer loyalty, that is, satisfied customers will repurchase from the satisfying organisation.

In a research conducted by Mohsan, Nawaz, Khan, Shaukat and Aslam (2011) an attempt was made to address two questions as follows. They sort to find the impact of customer satisfaction on customer loyalty and the second question sort to find the impact of customer satisfaction on intensions to switch. They hypothesised that customer satisfaction is significantly and positively associated with customer loyalty and customer satisfaction is significantly and negatively associated with intentions to switch. They concluded that loyalty can be vulnerable because even if consumers are satisfied with the services because they can still defect if they feel they can get better value, convenience or quality elsewhere. Thus they pointed out that customer satisfaction may not be an accurate indicator of loyalty though it is essential for loyalty formation. They proposed that it is impossible to have loyalty without satisfaction thereby confirming the hypothesis that satisfaction is significantly and positively associated with loyalty.

Some supporting literature came from Olajide and Israel (2012) who conducted a research on the effect of customer satisfaction on customer loyalty among bank customers in Ado-Ekiti Metropolis. More openly, the hypothesis tested the relationship between customer satisfaction and customer loyalty. The study revealed that there is a significant relationship between customer satisfaction and customer loyalty.

2.1.3 Moderating variables for the relationship between customer satisfaction and loyalty

Several literature was availed which supports the view that demographic factors like gender, income, age and educational qualification moderates between customer satisfaction and loyalty. The moderator role of demographics received supporting literature from the research by Fernandes, Proença and Rambocas (2014). The study aim was to investigate the impact of customer demographic characteristics (age, gender and income) on relationship outcomes (loyalty). The findings show that young and female customers were more likely to be loyal and to spread positive word-of-mouth than other market segments. Research findings on this topic revealed that older customers were less likely to show behavioural loyalty than younger ones. On gender, their research found out that female customers would demonstrate higher behavioural loyalty and positive word of mouth compared to their male counterparts. However, nothing from their research has shown that educational qualification can influence the relationship between customer satisfaction and loyalty.

Complementing the above literature, Dewan and Mahajan (2014) investigated on the customer satisfaction and the moderating effects of demographics. Observations showed that there was a significant difference in the customer satisfaction on the basis of gender, marital status, age and occupation. The male customers proved to be more delighted and pleased with the bank as compared to the female customers. The students group was the most satisfied followed by the housewives and the salaried class. Thus, the findings confirmed the hypothesis that satisfaction and loyalty varies from person to person on the basis of age, gender or income. To add on, Anic and Radas (2006) researched on the topic aimed at exploring relative importance of satisfaction and demographic factors in building loyalty. The researcher hypothesised that female customers have higher loyalty intensions compared to male customers. Secondly, age difference was hypothesised to influence loyalty and income was believed to have a negative relationship with loyalty.

3. Research Methodology

An explanatory research approach was adopted in order to examine and explain the cause-and-effect relationships between customer satisfaction and loyalty and the strength of association between the independent and dependent variables in the banking sector. This research targeted all clients banking at Standard Chartered in Botswana and the number was unknown. Data was obtained through self-administered questionnaires and they were accessed on the basis of simple random sampling. Close-ended questions were used. The data collected from the questionnaires was sorted, coded, captured and edited for analysis. Statistical

Package for Social Sciences (SPSS version 16) was used for analysing data. The researcher made use descriptive forms of simple tables for data presentation to fully give a clear picture of the trends in the data obtained from questionnaires.

4. Findings and Analysis

4.1 Demographic profile and response rate of bank customers

Table 4.1: Demographic response rate

Questionnaire questions	Frequency	Percentage Frequency
Gender		
Male	24	54.4%
Female	20	45.5%
Total	**44**	**100%**
Age		
18-25	21	47.7%
26-30	5	11.4%
Above 30	18	40.9%
Total	**44**	**100%**
Educational Level		
Ordinary level	14	31.8%
Advanced level	15	34.1%
Diploma or Degree	15	34.1%
Total	**44**	**100%**
Income (P)		
0 – 2500	15	34.1%
2500 – 5000	13	29.5%
5000 – 7500	4	9.1%
7500 – 10000	3	6.8%
10000 – 12500	8	18.2%
12500 – 15000	1	2.3%
Total	**44**	**100%**

Source: Primary Data

Table 4.1 displayed the demographic frequencies of the respondents used during the research in terms of gender, age, educational qualification and income. From the table, it was noted that a larger proportion of the sample was occupied by male respondents being 54.4% and female respondents were 45.5% of the sample. However, the difference was slight and could not invalidate the research findings.

In terms of age frequency, the sample was higher proportion were the young (18-25) who made up 47.75% of the sample followed by the old who made up 40.9% of the sample and the least were the middle aged who made up 11.4% of the total respondents. These were representative enough and the researcher had to proceed with the data analysis.

Table 4.1 above also presented frequency by educational qualifications of the respondents who participated in the research. The composition proved to be even since highly educated (diploma or degree) and the lowly educated had the same frequency both being 34.1% and the least frequency was 31.8% being the middle educated.

Income is another demographic variable which was used to differentiate respondents obtained for research. The low income earners constituted the highest frequency, that is, between Po and P2500 and they made up 34.1% of the sample, followed by those ranging between P2500 and P5000 who were 29.5% and those earning between P5000 and P7500 made up 9.1% of the sample. High income earners (earning above P7500) occupied 27.3% of the research respondents.

4.2 Customer Satisfaction and Customer Loyalty

The researcher hypothesised that there is a positive relationship between customer satisfaction and customer loyalty. The findings of the present research produced the following in table 4.2:

Table 4.2 Simple regression analysis for customer satisfaction and customer loyalty

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.271	.371		3.431	.001
	customer satisfaction	.522	.134	.514	3.884	.000
Source: Primary Data						

The table above shows a positive relationship between customer satisfaction and customer loyalty at a significance level of 0.00 ($p<0.05$, $\beta=0.514$). There is a moderate positive relationship depicted by a standardised coefficient of 0.514. According to Duijn (2011) the closer the coefficient to +1 is the stronger the positive relationship between the variables. Thus a 0.514 coefficient confirms the hypothesis that there is a positive relationship between customer satisfaction and customer satisfaction. The strength of the relationship is explained by table 4.3 below:

Table 4.3: Standardized regression square coefficient for customer satisfaction and loyalty

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	.514	.264	.113	.087

Table 4.3 shows the strength of the relationship between the two variables was denoted by the R square coefficient of 0.264 implying that 26% of the fluctuation in customer loyalty is explained by changes in customer satisfaction. This means that, there is a positive relationship between the two though customer satisfaction alone is insufficient to explain changes in customer loyalty.

4.3 The effect of moderating variables on the relationship between customer satisfaction and customer loyalty

After establishing that there is a positive relationship between customer satisfaction and loyalty, the researcher had to consider the effect of moderating variables. Evanschitzky and Wunderlich (2006) define a moderating variable as a variable which changes the relationship between an independent and an outcome (dependent variable). A significant interaction between the moderator and the independent variable implies that the effect of the independent variable depends on the level of the moderator effect. The moderating role of demographic variables was multi-group causal analysis as suggested by Joreskog and Sorbom (1993). The examination of the effects of customer satisfaction on customer loyalty revealed that customer satisfaction had a significant positive effect (β=.514, p=.000,) on customer loyalty (table 4.4). From the analysis, it was learnt that gender negatively impacted on the customer satisfaction-customer loyalty link (β=.-.306, p= 0.027) with the bias going towards male customer that is, female customers were more loyal compared to their male counterparts. The interaction between customer satisfaction and gender significantly influenced the prediction of customer loyalty (β=.414, p=003, ΔR^2=.242). Thus, the second hypothesis - gender has a moderating effect on the relationship between customer satisfaction and loyalty, was accepted.

Table 4.4: Moderated regression analysis of gender on customer satisfaction and customer loyalty relationship

Variable	Beta	t-value	p	R^2	ΔR^2
Step 1				.264	.264
Satisfaction	.514	3.884	.000		
Step 2					
Customer satisfaction	.420	3.431	.001	.106	.158
Gender	-.326	-2.294	.031		
Step 3					
Customer satisfaction	.510	3.175	.000	.348	.242
Gender	-.306	-2.294	.027		
Customer satisfaction × gender	.414	3.105	.003		

The hypothesis that income has a moderating effect on the relationship between customer satisfaction and customer loyalty was tested and the results indicated that satisfaction had a significant positive effect on customer loyalty (β=.514, p=.000). Table 4.4, shows that income had a negative effect on customer loyalty (β=-.405, p= .021), which implied that, the more income customers had, the less loyal they were to the banks. The interaction between customer satisfaction and income was significant enough to explain changes in customer loyalty (β=.127, p=.003, $\Delta R^{2)}$ showing a moderating effect. That confirmed the third hypothesis that income had a 6.5% moderating effect on customer satisfaction-loyalty link.

Table 4.5 Moderated regression analysis of income on the relationship between customer satisfaction and customer loyalty

Variable	Beta	t-value	p	R^2	ΔR^2
Step 1				.264	.264
Satisfaction	.514	3.884	.000		
Step 2					
Customer satisfaction	.394	2.967	.005	.070	- .194
Income	-.236	-1.577	.122		
Step 3					
Customer satisfaction	.328	1.939	.059	.135	.065
Income	-.405	-2.394	.021		
Satisfaction × income	.127	-2.198	.003		

The fourth hypothesis for this research was that age is a moderating variable for the relationship between customer satisfaction and customer loyalty. The analysis indicated that customer satisfaction had a significant positive effect on customer loyalty (β=.514, p=.000). As shown in table 4.5, age has a positive effect on customer loyalty (β=.241, p= .071) which means that, as customers get older, they become more loyal. The combination of customer satisfaction and age had a significant influence on the determination of customer loyalty (β=.722, p= .006, ΔR^2 =.227). Thus 22.7% of the moderator effect on customer satisfaction and loyalty link is explained by age. The results therefore confirmed that age moderates the two and thus accepting the forth hypothesis.

Table 4.6: Moderated regression analysis of age on customer satisfaction and customer loyalty relationship

Variable	Beta	t-value	p	R^2	ΔR^2
Step 1				.264	.264
Satisfaction	.514	3.884	.000		
Step 2					
Customer satisfaction	.138	.903	.045	.094	- .17
Age	.307	2.093	.073		
Step 3					
Customer satisfaction	.514	3.884	.000	.321	.227
Age	.241	1.856	.071		
satisfaction × age	.722	5.558	.006		

Having tested the moderating role of education on customer satisfaction-loyalty relationship, the findings on table 4.6 revealed that customer satisfaction had a significant positive effect on customer loyalty (β=.514, p=.000). Further analysis proved that education have a negative relationship with loyalty (β= -.069, p=.610) (Table 4.6). The collective effect of customer satisfaction and education in determining customer loyalty was significant as shown by table 4.7 below (β=-.612, p=.009, ΔR^2=.067). Thus 6.7% of the moderator effect on the relationship between satisfaction and loyalty is explained by educational qualifications of customers. This condition therefore implied education is a moderator to the satisfaction loyalty as hypothesised in this research.

Table 4.7: Moderated regression analysis of education on the link between customer satisfaction and customer loyalty.

Variable	Beta	t-value	p	R^2	ΔR^2
Step 1				.264	.264
Satisfaction	.514	3.884	.000		
Step 2					
Customer satisfaction	.448	.903	.007	.166	- .098
Education	.066	.431	.669		
Step 3					
Customer satisfaction	.519	3.876	.000	.233	.067
Education	-.069	-.514	.610		
Satisfaction × education	.612	3.452	.009		

As shown by the tests of the moderated regression analysis above, demographic factors (gender, age, income and education) have got influence on the relationship between customer satisfaction and customer loyalty and have to be considered whenever the company influences satisfaction with the aim of achieving customer loyalty.

5. Discussion

Standardised coefficient calculated for the relationship between customer satisfaction and customer loyalty shows that there is a moderate relationship between the constructs. These findings got support from previous researches by Chiou and Shen (2006); Mohsan, Nawaz, Khan, Shaukat and Aslam (2011); Olajide and Israel (2012); Santouridis and Trivellas (2010); Vuuren, Lombard and Tonder (2012); Wong, Tong and Wong (2014); and Yu and Dean (2001). This positive relationship was also noted by Dimitriades (2006) and is believed to be causal in nature, that is, if companies need to attain loyalty then satisfaction has to be improved (Santouridis and Trivellas 2010). However some of the researchers have argued that the strength of the relationship between the two can be influence by other variables called moderating variables.

Moderated multiple regression analysis on the moderator role of demographic factors revealed that gender had an acceptable influence on the relationship between customer satisfaction and loyalty. Analysis of the research findings revealed that income is a moderating variable for the relationship between customer satisfaction and customer loyalty. The moderation effect was also noted in previous researches some of which include research by Homburg and Giering (2001); Schaninger and Sciglimpaglia (1981); Evanschitzky and Wunderlich (2006) Serenko; Turel and Yol (2006). It was found out that high income customers are less loyal compare to the lower income customers. This implies that, high income customer are much concerned about value and therefore management must aim at achieving as much value as possible if the company is to retain a sustainable customer base.

As shown in the table 4.6, age has a moderating effect on the relationship between customer satisfaction and customer loyalty. There is a positive moderating effect, that is, as customers become older, they become easier to satisfy and more loyal. The positive moderating role of age on customer satisfaction-loyalty link gains support from previous researches by Evanschitzky and Wunderlich (2006); Homburg and Giering (2001); Koco (2001); and Szmigin and Carrigan (2001). Younger customers are less loyal and are keen to switch suppliers to where they feel maximum value can be achieved. Thus Standard Chartered has to aim at creating customer value and provide tangible benefits in order to increase switching costs and reduce possibilities of losing customers.

The final hypothesis made on this research paper stated that, education had a moderating effect on the link between customer satisfaction and customer loyalty. Research findings confirmed that it moderates the relationship as shown in table 4.7 above. A wealth of findings was availed supporting this conditions some of which come from Dewan and Mahajan (2014); Alba and Hutchinson (1987); and Mittal and Kamakura (2001). From the findings, it concluded that highly educated customers are less loyal compared to low income counterparts. This implies that, managers and sales personnel have to aim at achieving value especially through information provision because most of them are information seekers and are aim at attaining as much value of their expenditure.

6. Conclusions and Recommendations

The main aim of the study was to establish the impact of customer satisfaction on customer loyalty in the banking sector. It was hypothesised that customer satisfaction had a positive influence on customer loyalty. The second aim of the research was to determine moderating variables for the relationship between customer satisfaction and customer loyalty. For that objective, four hypotheses were put forward one of which proposed that gender had a moderating effect on the relationship between customer satisfaction and customer loyalty. It was also hypothesised that age had a moderating effect and that customer income and education moderated the relationship between customer satisfaction and customer loyalty. The research study showed that there was a moderate positive relationship between the variables as depicted by a beta weight of 0.514 at a significance level of 0.000. On the second objective, moderated multiple regression analysis was used and evidence proved that gender, consumer age, income and educational qualifications played partial moderating roles on the relationship between customer satisfaction and customer loyalty. Using the findings of this study, the researcher concluded that companies had to influence customer satisfaction positively with the prime aim of achieving customer loyalty. It was also noted that demographic factors like gender, customer age, income and educational qualifications had influence on the relationship between customer satisfaction and customer loyalty. It was also concluded that Female customers were more loyal and could be easily satisfied compared to male customers. The older aged tended to be more loyal compared to the younger even if they were satisfied by the service. High income earners were highly educated were also less loyal and proved to be high information seekers and were more willing to test new things thus being less loyal compared to lower income earners. It was also concluded that highly educated customers were less loyal compared to less educated ones. On the basis of the above conclusions, banks are recommended to engage in customer satisfaction enhancing programmes like quality controls, facilitating convenience of outlets and services for example, internet and mobile banking with the goal of retaining a reasonable amount of loyal customers who might have be attracted by the likes of mobile financial services like My Zaka, Orange Money. Banks are also recommended to take a closer look on the effect of gender on the relationship between customer satisfaction and customer loyalty whenever they positively influence satisfaction. It is important for the bank to continue on innovation and production of new services so as to cater for male customers who are aggressive and willing to test new things. Age effects on the satisfaction and loyalty link are also supposed to be considered when engaging in loyalty schemes.

High income earner customers were also viewed to be less loyal compared to low income earners whose choices are only restricted by their purchasing power. The research also revealed that highly educated customers are less loyal compared to those who are less educated. With this in mind, banks must know that the educated are information seekers and their value can be attained through information provision.

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