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Full Length Research Paper

The role of brand experience in customer satisfaction and customer loyalty in Ayandeh Bank branches in Tehran

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Many marketing executives are looking for a comprehensive plan for delivering quality services and products that will create a distinct and unforgettable long-term experience for customers when dealing with their brand. Various brand management experts believe that a company looking to enhance its brand experience in the minds of customers should have a plan to increase customer satisfaction as well as customer loyalty. The purpose of this research was to investigate the role of brand experience in customer satisfaction and customer loyalty in Ayandeh Bank branches in Tehran. The study employed quantitative methodology. For data gathering, a questionnaire was utilised to measure all the variables of the research. The statistical population of the study consisted of all the customers of Ayandeh Bank branches in Tehran, and the study data was gathered from 400 respondents. The findings indicate that brand experience has a direct and meaningful impact on customer satisfaction and customer loyalty; furthermore, customer satisfaction has a direct and significant effect on customer loyalty, in the branches of Ayandeh Bank in Tehran.

Key words: Bank, brand experience, customer satisfaction, customer loyalty.

INTRODUCTION

The pace of change in the shape and diversity of the service market at the beginning of the 21st century is so great that it is not easily understood, and banking services are no exception (Shafiei et al., 2019). Every day, the world is witnessing the introduction of new forms of banking services through public media and social networks, demonstrating the increasing choice available to customers. Bank managers need to adapt to this change (Aalaie and Maleki, 2017). Creating a customer-

centric culture among bank employees is one of the factors contributing to the success of these organisations (Safarai, 2010). The culture of banks should allow them to focus more heavily on customer needs and brand experience in order to secure customer satisfaction and, ultimately, loyalty (Hassania, 2019).

Nowadays, customer satisfaction is not sufficient, and organisations (including banks) should not be happy with merely customer satisfaction (Jazini and Asgar, 2013).

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They need to ensure customer loyalty as it can reduce marketing costs, attract more customers and increase business effectiveness. Thus, maintaining and enhancing customer loyalty towards a company's products or services are the most important goals of marketing activities (Alhazmi, 2019).Brand loyalty leads customers to choose one brand over its rivals, routinely buy from that brand and not give their attention to other brands. Customer loyalty refers to a situation in which a customer generally purchases or receives similar products and services from a particular company over time. Furthermore, consumer loyalty towards a particular brand leads to an increase in the brand's special value. Customers having successful experiences of a brand promote word-of-mouth (WOM) advertising and allow the company to compete with the strategies of competitors and achieve better outcomes. Customer satisfaction is achieved when there is no gap between a customer's expectations and their actual experience of using a product (Zhang et al., 2020). The goal of increasing customer satisfaction levels is to build long-term relationships with customers and consequently to gain long-term benefits for the company. Thus, in the modern market, bankers must try to see themselves through their customers' eyes, understand them and work hard to ensure their satisfaction. However, over time, the situation is becoming increasingly complicated for banks (Zamani and Lahiji, 2012).

   For any organisation in the manufacturing or service sector, customers are the most critical factor in the company's survival; if an organisation succeeds in building customer satisfaction and loyalty, the ground will be prepared for its long-term growth and survival (Khorshidi and Kargard, 2010). This cannot be achieved except through study and management planning, which begins with developing a complete understanding of customers and, in particular, the requirements for obtaining their satisfaction and loyalty (Akbarpour and Zangooi, 2017). Customer loyalty is thus a significant issue in marketing research, a challenging problem for managers and a vital strategic mental attitude for all managers and employees (Talebloo and BahmanPoor, 2012). This is a result of intense market competition, especially in the service industries, and the increased focus on the relationship between customers and organisations (Khorshidi and Kargard, 2010).

Ayandeh Bank

Ayandeh Bank was established in July 2012 as a non-governmental Retail Bank in Iran. In 2017, it had about 31 branches in Tehran, which reached 100 branches in 2019. As the resources of organisations are limited, managers should use them optimally and understand the factors affecting them and their impact on customer loyalty. Ayandeh Bank is part of the phenomenon of

entrepreneurship in different sectors of the economy. It is seeking to provide a high-quality service, with an emphasis on customer orientation, to become one of the leading banks in Iran in the future. The company intends to fully apply national monetary and financial rules and regulations, offer the best international experiences and provide its services according to the highest quality standards. The distinctive feature of Ayandeh Bank is its knowledge-based approach that goes beyond the traditional banking realm; alongside protecting equity and depositors, this will help the bank respond wisely to the surrounding developments and offer the best structure for its products and services (Ayandeh Bank, 2019). The numbers of customers of Ayandeh Bank in Tehran during 2017, 2018 and 2019 were 40,000, 79,000 and 113,000, respectively (Majd, 2020). The current study seeks to examine the impact of brand experience on customer satisfaction and customer loyalty in the banking services provided at branches of Ayandeh Bank in Tehran, Iran.

GOALS AND VISION OF AYANDEH BANK

Objectives

(i) To achieve a top strategic competitive position in Iran's national private banking network.
(ii) To become known as a distinctive and value-creating bank for its customers.
(iii) To offer a comprehensive banking service according to international standards within Iran's national private banking network to secure the interests of all stakeholders.
(iv) To obtain customer satisfaction and loyalty through continuous and close interaction, identifying and perceiving their diverse monetary and financial needs, and responding in a timely manner in providing service packages and comprehensive solutions.
(v) To empower human capital resources and change their attitudes and behaviours, along with creating an enabling organisational environment; to value and respect all employees through creating a learning organisation.
(vi) To create a sustainable competitive advantage to penetrate new markets and obtain a more significant share of the market and a larger customer base by developing critical competencies in various banking services (micro, corporate, investment and proprietary) and optimising their shares in portfolios.
(vii) To reassure shareholders and markets of the stability and profitability of the bank.
(viii) To operate in the form of a parent conglomerate holding company to add value, diversify services and products, optimise revenues portfolio, manage risks of the bank and attain any appropriate position in monetary and financial markets at the national and global levels.
 (ix) To carry out continuous improvements of bank productivity, with an emphasis on enhancing the quantity

and quality of profits, developing key capabilities in the field of virtual banking, and scientific management of resources, consumption, and all banking affairs to improve customer satisfaction.

(x) To adapt financial and operational indicators of the bank to meet international standards of the banking industry.

(xi) Commitment to simplify, facilitate, speed up and optimise all procedures in terms of providing timely products and services; simultaneously, take advantage of innovative plans to deliver new products and services to customers at a global level.

(xii) To promote the value, credibility and social image of the bank as a leader in Iran's financial sector.

(xiii) Commitment to social responsibilities through serving an active and leading role in enhancing community prosperity, strengthening production and creating sustainable economic development (Bank, 2019).

Vision

We believe that by considering the following, we will be able to become one of the best multi-purpose private financial institutions in the country with international credibility.

(i) Providing unique solutions to the needs of our customers and shareholders.

(ii) Becoming equipped with advanced technologies, to improve professional capabilities, and manufacture new fast, accurate, and high-quality products and services under the needs of the market.

(iii) Conducting a collective effort to provide services enthusiastically to the customers and people of Iran.

(iv) Trusting in loyal and goodwill customers.

(v) Applying the best solutions to reach the peak of capabilities and accountability

(vi) Playing a pivotal role to create a better life for our nation.

We can turn into one of the best private multi-purpose financial institutions in the country with international credibility and a symbol of innovation, value creation, and excellence (Bank, 2019).

LITERATURE REVIEW

A customer is a person who needs to purchase goods and services and tends to pay a reasonable price for those goods and services. The cost of absorbing a customer is five to eleven times higher than the cost of retaining an existing customer (Gallo, 2014), and a 2% increase in the number of customers can lead to a 10% reduction in associated costs (Gallo, 2014). The most valuable asset of any organisation is the trust of its customers; loyal customers are essential for a company

to survive and continue operating efficiently (Tajzadeh and Elahyari, 2009). The growing trend of product development and rivals shows that there is no shortage of products in the market; rather, the real shortage is a lack of customers. This issue highlights the increasing importance of customers (Tajzadeh and Elahyari, 2009).

Brand: Davis (2000) defines a brand as a set of commitments and covenants that include trust, stability and a pre-defined set of requirements. This set of promises and commitments includes features and characteristics of the products or services that the buyer uses, and the result is their level of satisfaction. The attributes forming a brand may be real or fabricated, rational or emotional, tangible or intangible (Ambler, 1993).

Loyalty: Loyalty is defined as the frequency of purchases or relative volume of purchasing a specific brand, and the majority of the literature in this area is faced with an issue because the psychological sense or aspects of loyalty have not been fully considered (Hadiani and Ahmadpour, 2009). The loyalty of service customers is a different concept from other loyalty structures and, to a large extent, depends on the growth and expansion of interpersonal relationships. Generally, intangible attributes such as "reliability" or "reputation" can play a significant role in creating or retaining customer loyalty in the service sector (Hadiani and Ahmadpour, 2009). One of the most comprehensive definitions of brand loyalty to date is the one provided by Jacoby et al. (1971). They define it as a non-coincidental result of a long-term behavioural reaction, which is a psychological process of purchasing generated by decision-makers who have considered more than one brand. In previous studies, researchers have often considered repurchasing as an instrument for measuring brand loyalty (Jacoby et al., 1971); however, in more recent studies, it has been shown that the best way to assess brand loyalty is to measure attitudinal loyalty (Ranjbarian and Mohammadzadeh, 2006). Lin (2010) examined the relationship between personality traits, brand personality and brand loyalty. His results show a significant positive correlation between the personality trait and brand personality. He also shows a positive and significant relationship between brand personality and brand loyalty (Rahimnia et al., 2011). Brand loyalty is a measure that reflects how likely it is that a customer will turn to another brand, notably when that brand differs in terms of price or other aspects of the products or services offered. In addition, a consumer's positive attitude towards a brand indicates their adherence to the brand and the intention to continue buying it in the future (Buil et al., 2008).

Customer loyalty: Customers are loyal to a provider or service provider either because they want to be or because they are forced to stay loyal (Hirschman, 1970). In cases where the barrier to changing suppliers is high,

customers will remain loyal to a service provider regardless of whether they are satisfied (Hirschman, 1970). This restriction on freedom of choice, along with lower satisfaction levels, leads to weaker repurchase intention and less customer loyalty (Hirschman, 1970).

Customer loyalty plays an essential role in the field of banking; thus, all the goals of this system are centred on creating and maintaining customer satisfaction and loyalty (Baradaran et al., 2013). The results of a study by Reichheld and Teal (1996) indicate that between 65 and 85% of consumers who claim to be satisfied or very satisfied with a product or service may still easily refuse to repurchase it and choose instead to replace it with an alternative. One of the best ways to increase customers is to maintain current customers. Every year, organizations lose a large percentage of their customers due to lack of attention to them (Qaracheh et al., 2016). A 5% increase in the number of loyal customers can increase the profitability of firms in various industries between 25 and 95% (Richards and Jones, 2008), and the reasons for this profitability lie in the different behaviours of loyal customers compared to non-loyal customers. In addition to the economic aspects of transactions, loyal customers also value their relationship with the company, while non-loyal customers focus solely on the economic dimension. Loyal customers have lower price elasticity than other customers because of substitution effect (Tajzadeh and Etemadi, 2013). Brands with loyal customers have a lower price elasticity of demand and loyal customers are less price sensitivity; therefore, demand will decrease more slowly as price goes up (Krishnamurthi and Raj, 1991). Overall, customer loyalty refers to a customer's desire to continue buying from a particular company, person or store (Elahi et al., 2011).

Brand experience: Brand experience is viewed as an effect and a sensory, cognitive and behavioural reaction; it emerges with stimuli related to the brand and is formed through the brand identity, brand design, packaging, communication and environment. Brakus et al. (2009) identified several aspects of this experience and developed a scale of brand experience with four dimensions: sensory, emotional, rational, and behavioural. The authors showed that this scale is credible, valid and different from other brand criteria such as brand evaluation, brand engagement, brand affinity, customer interest and brand identity. In addition, brand experience affects customer satisfaction and loyalty, both directly and indirectly, through communication with brand identity (Ambler et al., 2002).

Recent studies on brand experience have focused more on its antecedents and consequences rather than its definitions and measurement methods (Iglesias et al., 2011). Thus, it is not surprising that one of the most critical challenges in this field is that brand experience is not just a secondary phenomenon; rather, it can forecast some of the most significant cognitive and analytical concepts derived from domains of branding such as brand satisfaction, brand trust, brand commitment and brand love (Motahari et al., 2014).

Customer satisfaction: Satisfaction is as an internal state that is created when a customer's expectations of a product or service are fulfilled (Kotler and Clarke, 1987). Overall, customer satisfaction is the judgement that a customer makes about their recent purchases (Bitner and Hubbert, 1994) and their emotional assessment of a brand at any given time (Anderson et al., 2004).

Satisfaction is a broader concept than quality, which is just one of the components of customer satisfaction (Bai et al., 2008). Satisfaction measurement helps to assess customers to determine whether a product or service has met their needs and expectations (Bai et al., 2008). Customer satisfaction is one of the results of meeting customers' needs and represents their mental judgement regarding the product or service (Bai et al., 2008). The results of high satisfaction levels include loyalty creation, repurchase intentions, and recommending the same product or service to others. Obtaining a fundamental understanding of the factors affecting customer satisfaction is of great importance (Bai et al., 2008). The high quality of services is the most crucial issue in customer satisfaction in terms of having a significant impact on purchase intentions and loyalty (Bai et al., 2008). No enterprise can survive in the modern market unless it can acquire and retain a sufficient number of well-informed customers. With competition becoming increasingly fierce and ruthless, efforts towards this end have preoccupied the minds of enterprise managers. Effective customer management is a necessity for the success of service companies around the world, and customer satisfaction with the quality of services can help service companies of any size to survive in the turbulent marketplace (Archakova, 2013). Richards and Jones (2008) identified the value of retaining more customers for different industries. They showed that a 5% reduction in customer loss could lead to a 25-95% increase in annual revenue, depending on the industry (Richards and Jones, 2008).

Service loyalty: Service loyalty is a different concept from other loyalty structures. The concept of service loyalty is more complicated than brand loyalty as commonly used for goods. It does not necessarily conform with other forms of loyalty such as brand loyalty, store loyalty or loyalty to providers. Service loyalty has stricter standards than other types of loyalty, and a loyal customer must be loyal both to the brand and the store. Loyalty can target either the service or its supplier, and this enhances the intricacy of this kind of loyalty (Hamidizadeh and Ghamkhavari, 2009). Jarvis and Mayo (1986) define service loyalty as a phenomenon observed among customers with repurchasing behaviours that creates a positive and strong attitude towards the company.
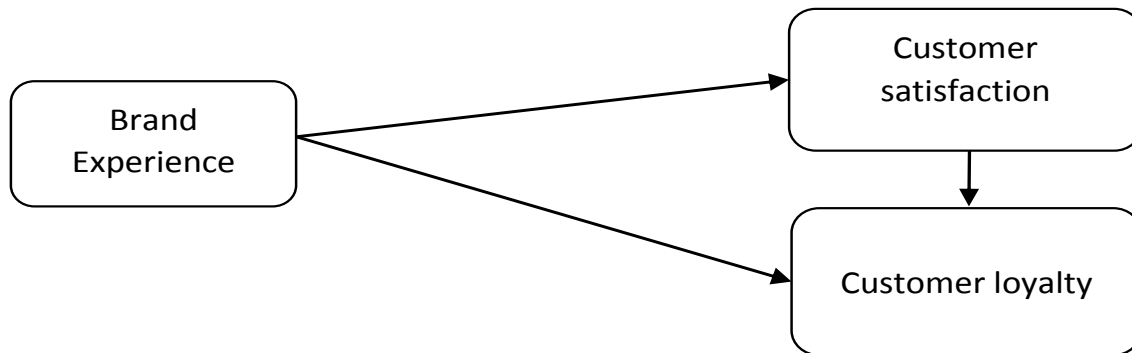
Figure 1. Conceptual model

Research conceptual model

In this study, the conceptual model of the study has investigated the impact of brand experience based on the title of the study and presented literature review (Figure 1).

Research hypotheses

Main hypothesis

H_1: Brand experience has an impact on customer satisfaction and customer loyalty in Ayandeh Bank branches in Tehran.

Sub-hypotheses

H_2: Brand experience has an impact on customer loyalty in Ayandeh Bank branches in Tehran.
H_3: Brand experience has an impact on customer satisfaction in Ayandeh Bank branches in Tehran.
H_4: Customer satisfaction has an impact on customer loyalty in Ayandeh Bank branches in Tehran.

Subject scope

The study covers the subjects of customer satisfaction and customer loyalty as well as brand experience. Specifically, it examines the impact of brand experience on customer satisfaction and loyalty in relation to the banking services provided by Ayandeh Bank branches in Tehran.

METHODOLOGY

Scientific study involves following a step-by-step, logical, systematic and explicit method for identifying problems, collecting data, analysing the data and making valid inferences. Thus, a scientific study is not merely based on experience or personal perceptions and direct understanding; rather, it is purposeful and precise. The basis of every scientific method, that is the value and validity of the laws of science, depends on the methodology used (Karbasian et al., 2011). By methodology, the authors mean the methods used to conduct research to examine the chosen subject and to achieve the results in practice. The aim of selecting a research method is to adopt an approach that enables the researcher to answer the research questions. The selection of the research method depends on the objectives and nature of the subject as well as on the facilities and resources available. Research methodologies can be classified in terms of two criteria: first, according to their purpose; and second, according to the type of data collection involved (Karbasian et al., 2011).

Selection of a research methodology depends on the goals and nature of the research subject and its executive potential. Thus, one can only decide on a research methodology when the nature of the subject as well as the objectives and scope of the research are explicit. In many cases, the appropriate research method is a combined one. Miller and Salkind (2002) state that research plan orientations can be separated into three types: fundamental, applied, and evaluation. The nature of the research subject is that the researcher seeks to investigate the consequences of measures adopted to remove problems or the consequences of actions. The purpose of the study is to provide a precise analysis of the outcome of the solution applied to a problem (Karbasian et al., 2011).

The results of the current research are intended to be useful for Ayandeh Bank executives. For the current study, the researcher was present in the branches of Ayandeh Bank in Tehran and collected information from customers, which represents a convenience sampling approach. Given the research method, the most important instrument for data collection was the multiple-choice questionnaire and the customers filled in their own questionnaire. Respondents in this study were randomly selected from those customers present in bank branches who had a bank account in Ayandeh Bank. Questionnaires from other studies were used. Brand experience questionnaire of Brakus et al. (2009), Brand loyalty questionnaire of Moghimi et al. (2011) and customer satisfaction questionnaire of Mihelis et al. 2001) have been

Samples and sampling method

When practical issues inhibit researchers from examining the whole target population, they try to utilise a representative sample by finding a sub-group that represents the whole population. In this situation, the observations are confined to this sub-group, and the results obtained for this sub-group may then be generalised to the whole population (Hafez, 2003).

Table 1. Cronbach's alpha results.

Indicator	Cronbach's alpha
Brand experience questionnaire	0.760
Customer satisfaction questionnaire	0.968
Customer loyalty questionnaire	0.893

Non-probability sampling is further divided into four categories: judgemental sampling, convenience sampling, quota sampling, and snowball sampling. In the convenience sampling method, samples are selected from the population based on relative convenience and availability (Khaki, 2011: 131). For the current study, the researcher was present in the branches of Ayandeh Bank in Tehran and collected information from customers, which represents a convenience sampling approach. Many researchers follow Slovin's (1960) formula for determining sample size from a population for convenience sampling: n = N / (1+Ne2), where n is the sample size given population size N and margin of error (Sevilla, 1990: 45). Based on Slovin's formula, a minimum of 383 respondents are needed for the current research, given the population size of 113,000, and a 5% margin of error. About 600 questionnaires were distributed among potential respondents by the researcher in 5 different branches in north, east, west and south of Tehran. The number of questionnaires completed correctly by the respondents was 400.

Brand experience questionnaire

The brand experience questionnaire developed by Brakus et al. (2009), consisting of 12 items with four subscales referring to sentiments, emotions, wisdom and behaviour (three questions each), can be used to evaluate the brand experience. The scoring of the questionnaire operates on a five-point Likert scale, where "totally disagree", "disagree", "no idea", "agree" and "totally agree" receive 1, 2, 3, 4, and 5 points, respectively for most questions. Items 3, 5, 9, and 12 are scored in the reverse order.

Customer satisfaction questionnaire

The customer satisfaction questionnaire for this study was developed according to that used by Mihelis et al. (2001). This questionnaire aims to measure customer satisfaction with regard to the bank's services. To that end, five dimensions, namely, staff, services, products, bank image and accessibility, were included. A three-point Likert scale is used to score the questionnaire, where 3 points are assigned for the first option, 2 points for the second option, and 1 point for the third option for each question.

Customer loyalty questionnaire

Moghimi and Ramazani's questionnaire (2011) was used to measure loyalty. This questionnaire includes 15 items that measure five variables: commitment; WOM advertising; tendency to purchase from an attitudinal loyalty perspective; and repurchase and exclusive purchase from a behavioural loyalty perspective (Moghimi and Ramazani, 2011). A five-point Likert scale is used to score the questionnaire, where "totally disagree", "disagree", "no idea", "agree" and "totally agree" receive 1, 2, 3, 4, and 5 points, respectively.

RESULTS

Reliability of the questionnaire

Usually, the Cronbach's alpha coefficient ranges from 0.00 (unreliability) to 1.00 (full reliability). The closer the obtained result is to 1.00, the more reliable the questionnaire is. Usually, for a test with research objectives, a reliability of 0.7 to 0.8 would be appropriate (this is reported as an acceptable value in most sources) (Khaki, 2011: 159). Table 1 shows the results of Cronbach's alpha testing in the current study.

Statistical methods of data analysis

CFA and SEM are used to test the research hypotheses and to analyse the structural relationships between the variables. The researcher used IBM SPSS Statistics version 24 software and LISREL (Version 8.8; Jreskog and Srbom, 2001) for data analysis.

General specifications of the respondents/ participants

The gender frequency distribution showed that 56% of the participants in this research were male and 44% were female. An education frequency distribution indicated that the highest percentage belongs to the participants with a bachelor's degree (36%), and the lowest percentage belongs to the participants with a diploma or lower degrees (14%). An age frequency distribution showed that most of the participants have less than 30 years old (47%), and the least percentage belonged to participants with more than 50 years old (0.9%). A Frequency Distribution with respect to Marital Status indicated that 64% of the respondents are married, and 36% of them are single.

Normality test

The normality of the data at a significance level of 95% is assessed using the Kolmogorov–Smirnov test. Regarding CFA and SEM, it is not necessary that all data should be normal; rather, only the factors (structures) must be normal (Kline, 2005). The significance value is >0.05 according to the results for all cases. Therefore, there is no reason to reject the hypothesis that is the distribution of measurement data is normal for all dimensions. This confirms that CFA and parametric tests can be used.

Confirmatory factor analysis

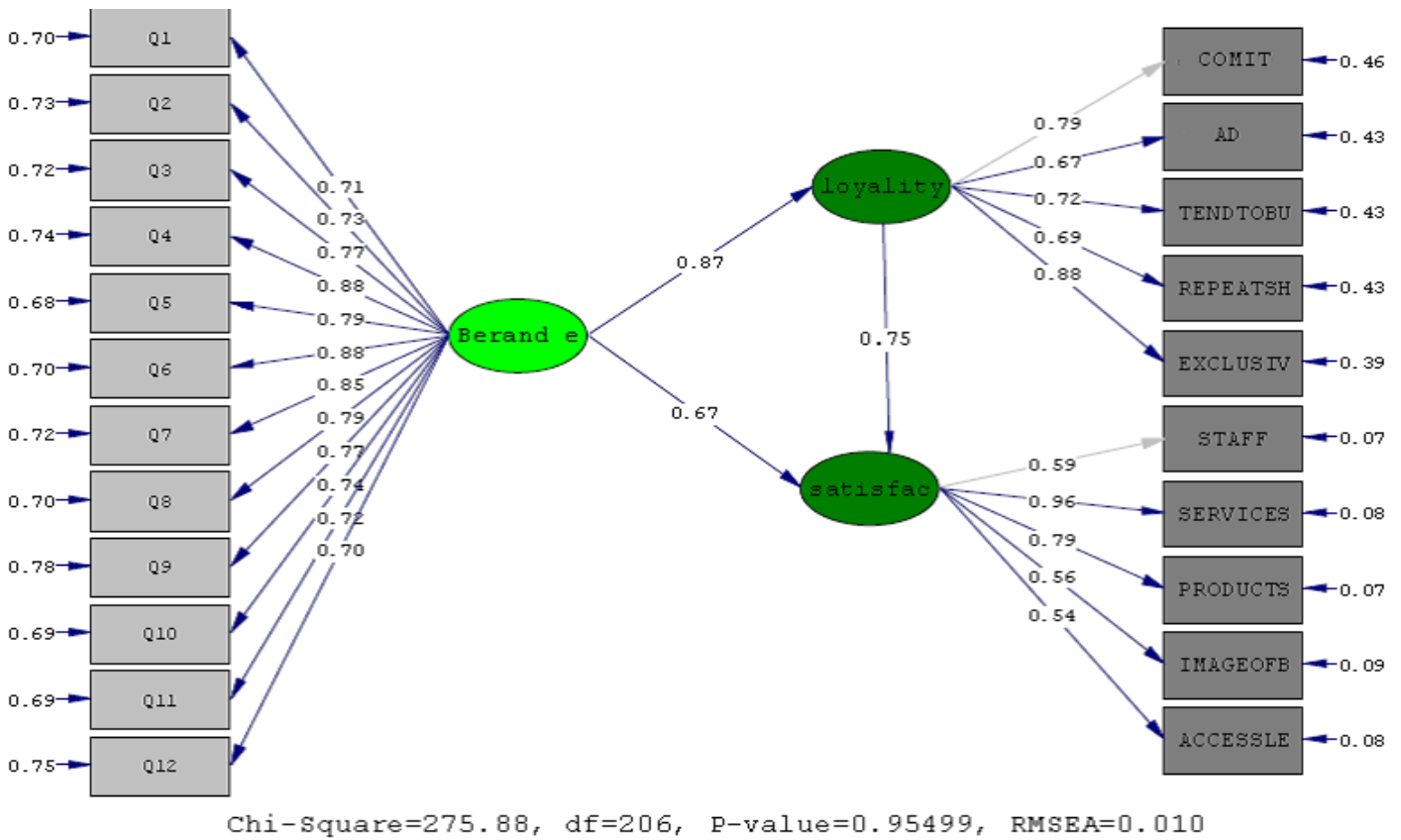For the current study, a questionnaire was used to

Figure 2. Primary measurement model in standard coefficient estimation mode. Original measurement model.

Table 2. Goodness-of-fit indicators for a structural model of the main hypothesis

GFI	SRMR	RMSEA	GFI	AGFI	NFI	NNFI	IFI
Admissible values	<0.05	<0.1	>0.9	>0.9	>0.9	>0.9	0–1
Computed values	0.031	0.010	0.96	0.95	0.93	0.95	0.94
Source: Hooper et al. (2008).							

measure the research variables. To investigate the research hypothesis based on this scale, the accuracy of the scale should first be confirmed. Therefore, CFA is applied to measure the relationship between the latent variables and the measurement items (Kline, 2005). The FLs observed for all items are above 0.3, which indicates that the correlations between the latent variables (the dimensions of each one of the major structures) and the observable variables are acceptable. According to the outcome of assessment indicators for each of the indices employed at a confidence level of 95%, the t-value is >1.96, which shows that the observed correlations are considerable and significant. The next step is the goodness-of-fit test. The RMSEA index is employed in most CFA and SEM methods as an indicator of significant fit. An index of <0.05 is favourable (Figures 2

and 3).

Goodness-of-fit test

The Chi-square value is estimated at 1.04. The result must be within the admitted range for the Chi-square; it should be between 1 and 5. Thus, the structural model exhibits significant and desirable fitness. The RMSEA fitness index should be >0.05. Given that the RMSEA fitness index equals 0.01, which is >0.05, so based on this result, the model shows acceptable fitness. Other goodness-of-fit indicators are also within favourable and appropriate ranges (Table 2).

The Chi-square test for the above model shows the difference between the observed and expected

Table 3. The significance of model coefficients.

Variable	Path coefficient (B)	T-value	R^2	Level of significance
The impact of brand experience on customer loyalty	0.87	5.88	0.6948	H_1 accepted
The impact of brand experience on customer satisfaction	0.67	3.45	0.5723	H_1 accepted
The impact of customer loyalty on customer satisfaction	0.75	4.25	0.5941	H_1 accepted

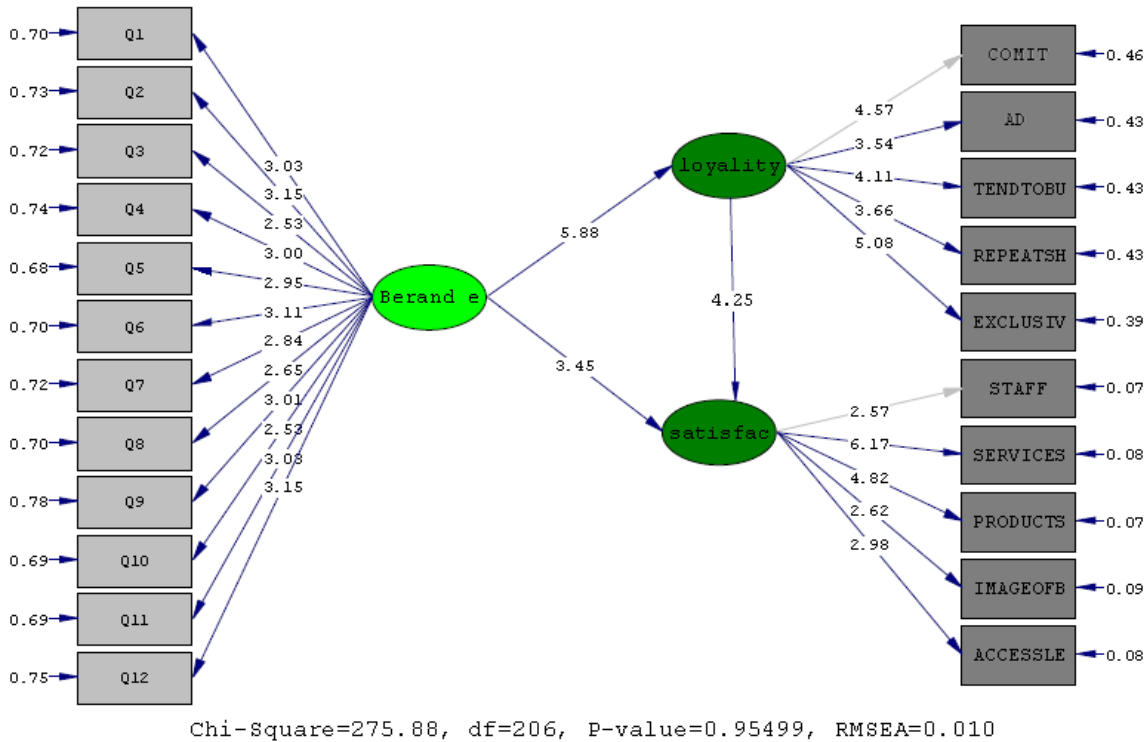Chi-Square=275.88, df=206, P-value=0.95499, RMSEA=0.010

Figure 3. Primary measurement model in case of significant estimation of coefficients. Original measurement model.

covariance matrices. The value of the Chi-square for this model with a degree of freedom of 207 is equal to 1.33, which is not statistically significant because its level of significance is relatively high (p = 0.9553; thus, p > 0.50). It can be concluded that the Chi-square test confirms the exact fitness of the model with the observed data, and this result indicates the relatively good fitness of the model. The model can also be examined via GFI, which is the most authentic indicator for examining the fitness of such a model. GFI refers to a relative amount of variances and covariance that will be jointly justified by the model and this indicator is the same as R-squared (R2) in multivariate regression. The CFI of GFI fluctuates between zero and one, and a higher value of the indicator represents a better fitness of the model. Given that in the above model, the value of GFI is equal to 0.96, it can be judged that the model has an acceptable fit. The value of the RMSEA is 0.01, which shows that the model has a good fit. The fitness is also evaluated from the perspective of the multiple fitness characteristics; the IFI indicators are equal to 0.94 and the NFI index is equal to 0.93, which shows that the model enjoys good fitness (Table 3).

Given that the t-statistic for the relationship between brand experience and customer loyalty is 5.88, which is >1.96, we conclude that brand experience has a significant impact on customer loyalty and R-squared is equal to 0.6948; that is, brand experience accounts for 69.48% of the changes related to brand loyalty. Given that the t-statistic for the relationship between brand experience and customer satisfaction is 3.45, which is >1.96, it was concluded that brand experience has a significant impact on customer satisfaction and R2 is equal to 0.05723; that is, brand experience accounts for 57.23% of the changes related to customer satisfaction. Given that the t-statistic for the relationship between customer loyalty and customer satisfaction is 4.25, which is >1.96, it was concluded that brand experience has a

significant impact on customer satisfaction and R^2 is equal to 0.0594; that is, customer satisfaction accounts for 59.41% of the changes related to customer loyalty.

DISCUSSION

Hypothesis 1: The brand experience has an impact on customer loyalty in Ayandeh Bank in Tehran. The strength of the relationship between the brand experience and customer loyalty variables was estimated at 0.78. The t-statistic was estimated at 5.88, which is greater than the t critical value at an error level of 5% (1.96), and this indicates that the observed correlation is significant. Therefore, brand experience has an impact on customer loyalty in Ayandeh Bank in Tehran.

Hypothesis 2: The brand experience has an impact on customer satisfaction in Ayandeh Bank in Tehran. The strength of the relationship between customer satisfaction and customer loyalty was estimated at 0.67. The t-statistic was estimated at 3.45, which is greater than the t critical value at an error level of 5% (1.96). This indicates that the observed correlation is significant. Therefore, brand experience has an impact on customer satisfaction in Ayandeh Bank in Tehran.

Hypothesis 3: Customer satisfaction impacts customer loyalty in Ayandeh Bank in Tehran. The strength of the relationship between customer satisfaction and customer loyalty in the provided banking services was estimated at 0.75. The t-statistic was estimated at 4.25, which is greater than the t critical value at an error level of 5% (1.96). This indicates that the observed correlation is significant. Therefore, customer satisfaction impacts customer loyalty towards the banking services provided in branches of Ayandeh Bank in Tehran.

Aghazadeh et al. (2012) investigated the impact of the Saman Insurance Company brand experience and its dimensions on perceived value and brand loyalty, as well as on repurchase intention, among 267 holders of life insurance with the company in Tehran. Their findings show that brand experience has a considerable impact on the perceived value and brand loyalty of life insurers. The findings also show that perceived value and brand loyalty affect repurchase intention, which is consistent with Hypothesis 1 of the current research.

Borhani et al. (2014) investigated the relationship between organisation image and brand, quality of services and satisfaction, and customer loyalty in the banking industry of Meybod city in Yazd province. Besides confirming the research hypotheses, the correlation results show that organisation image, brand image, satisfaction and quality of service are positively correlated with customer loyalty. The stepwise regression analysis results show that satisfaction has the highest predictive power in relation to loyalty, which is consistent

with Hypothesis 3 of the current research.

Ebrahimi et al. (2014) investigated the effect of brand advantages on customer satisfaction and customers' behavioural loyalty towards the Pars Khazar brand by examining the mediating roles of a range of variables. The findings show a significant relationship between symbolic and brand-oriented advantages and behavioural loyalty towards the brand. Analysis of the role of the mediator variables also indicates that customer satisfaction with the brand mediates the relationship between the two variables of symbolic benefits and experience-oriented benefits and behavioural loyalty towards the brand, which is consistent with Hypothesis 1 and Hypothesis 3 of the current research.

Qandahari et al. (2015) investigated the impact of brand experience on customer loyalty among the customers of Ayandeh Bank. All their research hypotheses were confirmed, and their results show that brand experience has a significant effect on customer loyalty, which is consistent with the results of the current research.

Kosari and Javidi (2016) examined the relationship between customers' experience, brand loyalty and WOM advertising, taking into consideration the mediating role of customer satisfaction, in relation to the banking services provided by various branches of the National Bank of Khorasan Razavi. The results indicate that customer experience affects brand loyalty and WOM advertising, which is consistent with the results of the current research.

Conclusion

The selected sampling method was convenience sampling, which was carried out by the researcher by giving questionnaires to customers visiting a branch. Non-probability sampling was used. The content validity method was used to assess the validity of the questionnaire. For this purpose, the hypotheses and questionnaire questions were assessed by university professors and experts in the relevant field. All items were unanimously approved. The Cronbach's alpha coefficient was used to calculate reliability.

The Cronbach's alpha coefficients for the brand experience questionnaire, customer satisfaction questionnaire and customer loyalty questionnaire were 0.760, 0.968 and 0.893, respectively. The collected data were analysed through SEM and using LISREL software. This research sought to reject or approve three hypotheses. Hypothesis 1 held that brand experience affects customer loyalty towards banking services provided by various branches of Ayandeh Bank in Tehran. Hypothesis 2 held that brand experience affects customer satisfaction with banking services provided by various branches of Ayandeh Bank in Tehran. Hypothesis 3 held that customer satisfaction affects customers' loyalty towards banking services provided by various

branches of Ayandeh Bank in Tehran. Given the analysis results presented in Chapter 4, it was concluded that brand experience affects customer satisfaction and, consequently, their loyalty towards banking services provided by various branches of Ayandeh Bank in Tehran.

With the advancement of technology and increasing competitive market conditions in various manufacturing and service sectors, loyal customers are considered as the main source of capital for companies because customer loyalty leads to business success, increased profitability and customer value creation. Brands are the vital driving force of companies. They produce market share, increase customer loyalty, strengthen the channel's power, provide higher profit margins and protect the company against competitors' attacks. Based on these critical strategic factors, almost all marketing activities, from developing new products to retail promotions, are focused on building strong brands. Brand experience improves loyalty via emotional communication through providing an attractive and consistent environment to present customers with, including the physical environment and communications characteristics of the services and any other way in which the consumer comes into contact with it.

Research limitations

This research, as with other studies, has some strength and some drawbacks. The limitations of the study are as follows:

1. In this research, the impact of brand experience on customer satisfaction and loyalty in relation to banking services provided by various branches of Ayandeh Bank in Tehran were examined. However, according to the aforementioned definitions, other variables may also affect customer loyalty.

2. This research investigated a particular organisation, that is Ayandeh bank, and it could have disadvantages in other areas that could affect customer loyalty but were not taken into consideration.

3. The results and findings of the research are applicable only to the surveyed population, and they cannot be generalised to other groups. Convenience sampling has weak generalisability.

4. The time period of the study was limited, and certain fluctuations may have impacted this time period.

5. One common limitation in completing a questionnaire is participants' uncertainty about the confidentiality of information or the anonymity of their identity. To some extent, this problem was addressed by reassuring the participants that their data would remain confidential and that there was no need to include their names on the questionnaires.

6. Another constraint of the research comprised unrealistic responses by the respondents. Some respondents may have represented the situation too optimistically or too pessimistically, or even in a biased way. In order to address this issue, participants were asked to provide realistic and fair responses.

7. Another limitation of the researcher is lack of access to the bank's online customers.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Impact of service quality performance on customer satisfaction: A case of Oromia international Bank (OIB), Ambo Branch, West Shoa Zone, Oromia Regional State, Ethiopia

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The study was conducted in Oromia Regional State, West Shoa Zone, Ambo Town, which is far 119 km from Addis Ababa. The main objective of the study was to examine impact of service quality performance on customer satisfaction. The study helps more the managers of the bank. The design of the study was quantitative in nature. A questionnaire was used for data collection from 321 customers for data analysis. The sampling procedure used was probability random sampling. A descriptive and inferential statistics was used to see the SQ gap. The study shows that OIB in Ambo Town have not met the service expectations of the customers, as there was a significant gap between customers' perceptions and expectations. Among the five dimensions of service quality, the highest negative gap found tangibility. Therefore, banks need to better understand their customers' expectations and continuously measure and evaluate their service quality performance in order to improve quality based on customers need.

Key words: Service quality (SQ), Oromia International Bank (OIB), service quality dimensions.

INTRODUCTION

Quality of service can be understood as a comprehensive customer evaluation of a particular service and the extent to which it meets their expectations and provides satisfaction (Al-Jazzazi and Sultan, 2017; Mualla, 2011) stated that banks amend, develop, and create effective strategies to determine the different parameters influencing service quality, in order to increase the number of their customers based on the competitive market situation by evaluating customer satisfaction with respect to the various dimensions that influence service quality. Today, business environment is rapidly changing in terms of competition and quality of services provided by the industry. This may be due to stiff competition and the increasing pressure of globalization which remind the organizations to revise the products and services they offered to the customers. The quality of products or

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services provided to customers implies the image of company's brand in real terms (Kenyon and Sen, 2015). Then the role of service quality is becoming vital in every facet of the industry, such as banking sectors. Due to service intangibility, in most of the services organizations, it is very hard to define and communalize the characteristics of good service quality and hence, it becomes challenging for service organizations to deliver superior quality (Marić et al., 2016). In view of this, service quality has become a key determinant in the service industry in which OIB is operating. According to Zeithaml et al. (2000), service quality has become a popular area of academic investigation and recognized as a key factor in keeping competitive advantage and sustainably satisfying customers and retain them. So service sectors such as banks have the responsibility to provide the best services to their customers in order to have sustainable competitive advantages (Saghier and Nathan, 2013). Recently, liberalization of the financial sector (like banks) in Ethiopia and rapid technological advancement in the world as well as in Ethiopia forced to improve service quality to survive in the marketplace (Habtamu, 2004) which indicates excellent service quality is as a vital to bank profitability and survival as Parasuraman et al. (1985) recommended. Then, the increased competition in technology and the number of banks in Ethiopia from one bank in the Derge regime (1974-1987) into greater than sixteen banks in Woyane regime (1988-2020) put the bank into lot of pressures to survive in the banking industry in which OIB Bank is now operating. As the researcher observed practical and evidenced as one of the customer who sharing its service quality performance the current situation seems as it has effects on the OIB since more customers are voicing about service quality provided by this bank. According to Parasuraman et al. (1990) banks must measure service quality continuously to survive in the dynamic competition. Subsequently, OIB still did not conducted any research relating to service quality in this branch. Therefore, OIB needs to strive to know what determines service quality performance which is based on the service quality, as this knowledge will better equip it to make up for its shortcomings through enabling better customers understanding. Therefore, this study tried to examine whether OIB is know the impact of service dimension on service quality performance which can determine customer satisfaction to build long-run loyalty for confirming sustainable profit in the competitive environment.

Problem statement

In today's banking environment, banks' profitability levels have been compressed due to increased competition and spread reductions. Berry et al. (1988) observed that quality of service is very important in separating competing businesses in the retail sector as well as in

banking. Banks seeking to maximize profitability have to realize that good quality helps a bank obtain and keep customers and poor quality will cause customers to leave a bank. Lewis (1993) found that service quality was one of the most effective means of establishing a competitive position and improving profit performance. To establish a competitive position, it was noted by Hall (1995) that banks must measure and determine their level of service quality, if they desire to keep their customers and satisfy their needs. There have been a large number of researchers who identify service quality as a primary means of providing a competitive advantage to banks, and according to Soteriou and Stavrinides (1997), the importance of service quality has been documented in numerous studies. Trivedi (2015) discovered today's customer to be more demanding than in the past, and thus, it became more challenging to satisfy him. Ennew et al. (2015) studied banking sector and discovered service quality and customer satisfaction to have a direct impact on customer loyalty. In a customer based approach the highest quality means the best satisfaction of consumers' preferences (Yarimoglu, 2014). Then, organizations have realized that service quality brings a sustainable and competitive advantage (Angelova and Zekiri, 2011). According to Rauch et al. (2015) in order to conduct a comprehensive evaluation of a company, the management has to compare its performance with its customers' expectations and with the performance of other companies in the same industry. So these evidences imply that as in the world of competition, service quality is the most important parameter that needs critical attention for service quality design in the bank sectors. In Ethiopia, the recent financial liberalization has led to intense competitive pressures among banks (Gashew Tena, NP), which need them dealing consequently directing their strategies towards increasing service quality level. This fosters customer satisfaction and loyalty through improved service quality. Most service organizations such as bank lack proper understanding of customers' expectations that are a critical component in the marketing plan of a service business. Miss of these concept lead to wrong decisions, which in turn result in poor quality perceptions or bad word of mouth by their customers. These may be created in case of poor performance on service quality dimensions. Then this study aims to identify service quality dimensions, which can be used to measure service quality and evaluate the effect of service quality dimensions (tangibles, responsiveness, empathy, assurance and reliability) on service quality performance in case of OIB Ambo Branch from customers' point of view.

Objectives of the study

In order to address the exiting research gap, this study aims to:

(1) To examine the level of service quality performance gaps in the selected bank.
(2) To analyze the impact service quality dimensions on customer satisfaction.

Significance of the study

This research have a great deal of importance/ significance more for the mangers of OIB in coming years because it provide information about the level of quality of service the bank is providing to its customers from the point of view of the customers. It will help them to know whether the bank is delivering its promise to the customers and also it provide them insight about the gap between customer's perception and expectation of service and ways to improve them. The research also gives some insight about service quality and customer satisfaction in the bank industry. It also serves as a spring board for other researchers to undertake further investigation in Ethiopian context.

RELATED LITERATURE

Customer satisfaction and service quality

According to Sharmin et al. (2016), satisfaction is the customer's feeling regarding the outcome of an evaluation process, which compares what was received from the service and the commodity with expectations. Most experts agree that customer satisfaction is a short-term, transaction-specific measure, whereas service quality is an attitude formed by a long-term, overall evaluation of a performance. Without a doubt, the two concepts of customer satisfaction and service quality are intertwined. Some believe that customer satisfaction leads to perceived service quality, while others believe that service quality leads to customer satisfaction. In a customer-based approach quality means the best satisfaction of consumers' preferences (Yarimoglu, 2014). In addition, the relationship between customer satisfaction and service quality and the way these two concepts relate to purchasing behaviour remains largely unexplained (Cronin and Taylor, 1992). In other way, service quality can be defined as how companies meet or exceed customer expectations and it can be understood as a comprehensive customer evaluation of a particular service and the extent to which it meets their expectations and provides satisfaction (Al-Jazzazi and Sultan, 2017). Accordingly, a negative discrepancy between perceptions and expectations, a 'performance-gap', as it is referred to, causes dissatisfaction, while a positive discrepancy leads to consumer satisfaction (Kumbhar, 2012). According to Rauch et al. (2015), in order to conduct a comprehensive evaluation of a company, the management has to compare its performance with its customers' expectations and with the performance of other companies in the same industry.

Service quality gaps

In the hopes of better understanding, how a firm can improve its overall service quality, the service quality process can be examined in terms of five gaps between expectations and perceptions on the part of management, employees, and customers. The most important gap the service gap (known as Gap 5), describes the distance between customers' expectations of service and their perception of the service actually delivered. Ultimately, the goal of the service firm is to close the service gap, or at least narrow it as much as possible. Before the firm can close the service gap, it must close or attempt to narrow four other gaps: Gap (1) the knowledge gap, the difference between what consumers do expect of a service and what management perceives that consumers expect. Gap (2) the standards gap, the difference between what management perceives that consumers expect and the quality specifications set for service delivery. Gap (3) the delivery gap, the difference between the quality specifications set for service delivery and the actual quality of service delivered. Gap(4) is the communications gap, the difference between the actual quality of service delivered and the quality of service described in the firm's external communications (e.g., advertising, point-of-purchase materials, and personal selling efforts). Hence, the service gap (Gap 5) is a function of the knowledge gap, the specifications gap, the delivery gap, and the communications gap. In other words, Gap5= f (Gap1+ Gap 2+ Gap3+ Gap 4). As each of these gaps increases or decreases, the service gap responds in a similar manner (Parasuraman et al., 1985).

Service quality gap closing strategies

According to Barnes et al. (2004) gap one (knowledge gap) can be closed/minimized by learning what customers expect such as understanding customer expectations through marketing research, complaint analysis, customers' panel discussion, increase management contact with customers improve upward communication from contact personnel to management and turn information and insights into action. Gap two/inappropriate service quality standards can be solved by establishing the right service quality standards which can be obtained through ensuring top management displays ongoing promise to quality as defined by customers, set, communicate, and reinforce customer-oriented service for all work units, train mangers in the skills needed to lead employees to deliver quality service, communicate and reinforce customer oriented service

standards for all works, measure performance and provide regular feedback, reward managers and employees for attaining quality goals. The third gap (performance gap) can be improved through service performance meets standards such as clarify employee roles, provide employees with technical training needed to perform assigned tasks, enhance performance by appropriate technology and equipment, measure employee performance, and recognize the delivery of quality service, teach employees about customer expectations, perceptions and problems and eliminate role conflict among employees by involving them in setting standards. The fourth gap (communication gap) can be improved via ensuring communication promises are realistic such as seek inputs from operations personnel when new advertising are being created, allow service providers to preview advertisements before customers exposed, communication specialists in the firm need to pretest all advertising, and gap five (service quality gap/customer gap) can be improved service quality to narrow the gap.

Service quality dimensions and customer satisfaction

In the literature, authors are convinced of the intimate relationship between service quality and customer satisfaction, and they point out that the higher the service quality, the higher the levels of customer satisfaction, especially in the banking sector (Siddiqi, 2011, Shahraki, 2014, Kant and Jaiswal, 2017; Peng and Moghavvemi, 2015). Parasuraman et al. (1988) argued that service quality and customer satisfaction are two diverse notions but closely related to each other in the service sector. In recent years, several authors have discussed and emphasized the relationship between these two common constructs in banking sectors and have found a positive and predictive relationship between service quality and customer satisfaction (Siddiqi, 2011; Choudhury, 2014; Krishnamurthy et al., 2010; Selvakumar, 2016). Ultimately, service quality dimensions, tangibility, reliability, assurance, responsiveness, and empathy are not used to assess the effect of the quality of the banking service on customer satisfaction in the Ethiopian banking sector.

Tangibility and customer satisfaction

In the banking sector, the tangibility dimension becomes intrinsic in service quality, according to the tangible aspects of the services cape, such as equipment, physical facilities, and visual appeal (Parasuraman et al., 1985). Subsequently, in the banking sector, it can be said that there is a significant influence of tangibility on customer satisfaction (Kant and Jaiswal, 2017; Ananth et al., 2010; Sanjuq, 2014). Similarly, many researchers have found a

meaningful influence in this sense (Choudhury, 2014; Krishnamurthy et al., 2010; Selvakumar, 2016). Parasuraman et al. (1985) have defined tangibility as the appearance of physical facilities, equipment, personnel, and communication materials. It may also be defined as the clear visibility of resources necessary for providing a service to customers, the appearance of the management team and professional employees, brochures and booklets, which will have an effect on customer satisfaction (Munusamy, et al., 2010). Ananth et al. (2010) found that attractiveness, physical facility, and visual appeal could be considered positive indicators of tangibility on customer satisfaction in the banking sector. Furthermore, various researchers have found that there is a positive effect on the relationship between customer satisfaction and tangibility in the banking sector (Munusamy et al., 2010;   Shanka, 2012; Lau et al., 2013). Moreover, Krishnamurthy et al. (2019) and Selvakumar (2016) emphasized that tangibility has a positive impact on customer satisfaction in banking services. Ananth et al. (2010) showed that in the banking sector sophisticated equipment and an attractive ambiance is viewed as the impact of tangibility on customer satisfaction.

Reliability and customer satisfaction

Researchers have demonstrated that the reliability dimension of service quality has a positive impact on customer satisfaction (Parasuraman et al., 1988). Ennew et al. (2013) revealed that reliability could be considered the extent to which customers can rely on the service promised by the organization. Parasuraman et al. (1985) has defined reliability as the organization's capability to tool up the service, dependently and independently. As a standard of service quality, reliability has a significant impact on customer satisfaction (Parasuraman et al., 1988: 24). Ennew et al. (2013) defined reliability as the ability to do and perform the required service for customers dependably, accurately and as promised, and the capacity to treat problems faced by customers. Taking actions to solve problems, performing the required services right from the first occasion, or providing services at the proper time are critical. Maintaining an error-free record is the paradigm of reliability in terms of service quality, and has an important impact on customer satisfaction (Parasuraman et al. (1988). Peng and Moghavvemi (2015) contend that the most important factors in retaining customers in banking services are accuracy in completing orders, maintaining precise records and quotations, accuracy in billing, and fulfilling promised services. These are the basic aspects of reliability. The extant literature has also revealed that reliability has a positive relationship with customer satisfaction in the banking sector (Kant and Jaiswal, 2017; Peng and Moghavvemi, 2015; Krishnamurthy et al.,

2019; Selvakumar, 2016; Shanka, 2012).

Assurance and customer satisfaction

The assurance dimension of service quality indicates employees' competence, knowledge and courtesy, and the ability to build bridges of trust with customers (Parasuraman et al., 1985). Assurance is defined as the knowledge and good manners or courtesy of employees (Kant and Jaiswal, 2017). Further, it is defined as the ability of employees, with the help of the knowledge they possess, to inspire the trust and confidence that will strongly influence the level of customer satisfaction (Parasuraman et al., 988). There is a positive relationship between assurance and customer satisfaction (Krishnamurthy et al., 2019; Selvakumar, 2016; Munusamy et al., 2010; Shanka, 2012). In the banking sector, assurance is related to the security that a customer feels when conducting his banking transactions (Ennew et al., 2013). Providing customer assistance in a courteous manner, accuracy in completing orders, easy access to account details, convenience within the bank, maintaining precise records and quotations, employing an experienced professional team, and fulfilling promised services will have a positive impact on customer satisfaction (Sadek et al., 2010).

Responsiveness and customer satisfaction

The responsiveness dimension of service quality is related to the organization's willingness and ability to help customers, and to provide quick service with proper timeliness (Parasuraman et al., 1985). The willingness of employees to provide the required service at any time without any inconvenience will have an impact on customer satisfaction (Parasuraman et al., 1988). Responsiveness is primarily concerned with how service firms respond to customers via their personnel. Individual attention will increase the customer's satisfaction and so will the attention paid by employees to the problems that face customers; when this happens, a radical shift occurs in their satisfaction. Arguably, banking sector responsiveness has a direct relationship with customer satisfaction (Kant and Jaiswal, 2017; Krishnamurthy et al., 2019; Selvakumar, 2016; Lau et al., 2013). Based on the aforementioned statements, we can state that the responsiveness dimension of service quality will strongly influence customer satisfaction in banking and therefore, the research proposes the following hypothesis.

Empathy and customer satisfaction

Ennew et al. (2013) point out that the empathy dimension of service quality means being attentive in communicative situations, understanding customer needs, showing friendly behaviour, and taking care of a customer's needs individually. Navaratnaseel and Periyathampy (2014) defined empathy as the ability to take care of customers and pay attention to them individually, especially while providing services. Moreover, Parasuraman et al. (1988 24) argued those understanding customer expectations better than competitors and the provision of care and customized attention to customers strongly influences the level of customer satisfaction. Ananth et al. (2010) revealed that a positive impact on customer satisfaction is brought about by convenient working hours, individualized attention, a better understanding of customer's specific needs in the banking sector and the empathy dimension, all of which play a crucial role in customer satisfaction (Shanka, 2012; Navaratnaseel and Periyathampy, 2014).

Measuring service quality

In the first SERVQUAL model, there were Likert-type items to measure the perceived level of service provided and the expected level of service quality. As the SERVQUAL model evolved, the original 10 dimensions were reduced to five. Mauri et al. (2013) define service quality as "a multidimensional concept, assessed and perceived by consumers, according to a set of essential parts, grouped in five categories, namely: tangibility, reliability, responsiveness, assurance and empathy". But later they reduced into five dimensions. Then Parasuraman et al. (1985) and Parasuraman et al. (1988: 24) proposed the SERVQUAL model to fill the gap between customers' expectations and perceptions, and actual service performance. Service quality can be measured using five dimensions: tangibility, reliability, assurance, responsiveness, and empathy. Moreover, SERVPERF arose as a response to criticism of the gap in the SERVQUAL model, because the SERVQUAL model measured customer satisfaction only after the service was provided (George and Kumar, 2014). However, the SERVQUAL model is the most commonly used to measure and evaluate service quality around the world, even in the banking sector. Therefore, regardless of the increasing use of SERVQUAL, there are differing opinions on its operation and effectiveness. Then based on these facts the level of customer satisfaction increased/decreased with the level of perceived service quality as follows: If Expectations of SQ are exceeded (quality exceeds expectations) customers are delight, if expectations of SQ are met (quality is acceptable) the required level is met for customers and if expectations of SQ are not met (quality is unacceptable or not less than satisfactory) customers are dissatisfied.

To total up the scores obtained as in for each dimension j and then divide by the number of respondents as follows:

$$SQ_j = \frac{1}{n}\sum_{j=1}^{n}\left(P_{ij} - E_{ij}\right)$$

Where SQ_j=Overall SQ in the dimension j, P_{ij}= performance perception in the dimension j to statement I, E_{ij}= expected performance in the dimension j to statement I, and n = number of respondents.

Therefore, the model can use SERVQUAL to serve only as a framework. Comparing customer expectations with their perceptions is based on what marketers refer to as the expectancy disconfirmation model. Simply stated, if customer perceptions meet expectations, the expectations are said to be confirmed and the customer is satisfied. If perceptions and expectations are not equal, then the expectations said to be disconfirmed.

METHODOLOGY

Study area

The study was conducted in Oromia Regional State, West Shoa Zone, Ambo Town, which is far 119 km from Addis Ababa, Capital City, Ethiopia, the case of OIB Ambo Branch.

Research design

The study employed quantitative research design as numerical data collected and analyzed using descriptive and inferential statistics.

Sources of data

For the source of information primary data was collected for the specific purpose of addressing the research problem. Data was collected through structured questionnaire that filled by bank' customers of OIB in the range of 20-28 December, 2019.

Sample size

The populations of interest were active customers of OIB getting service in Ambo Town which were about 8,387 customers. To determine sample size, the method which developed by Krejcie and Morgan (1970) was used. According to this method a sample of 367 represent 8,000 populations. Based on this, respondents from bank were selected proportionally means based on the number of the bank' customers. The totals of 382 copies of questionnaire were distributed among customers of bank. From 382 questionnaires distributed to customers, 321 were returned, which represents 84.03% of the total respondents.

Sampling technique

As the sampling technique, probability sampling was used. In this case, respondents were selected randomly and equal chance was given for respondents by picking a number to include in the sample size. Probability sampling ensures that the sample is real representative of the population. This may help to eliminate the sampling errors and ensure the representation of the population under study.

Data collection instrument and design

Structured questionnaire was employed and distributed to the customers who have bank account. The instrument comprised 44 items composed of 22 items (22 for expectations and 22 for perceptions). Customers' responses to their expectations and perceptions are obtained on a 5-point Likert scale (Strongly Agree =5, Agree =4, Neutral =3, Disagree=2, strongly Disagree=1).

Analysis of data

For data analysis both descriptive (mean) and inferential (paired t-test, regression and χ^2) statistics were used to describe the general properties of the five dimensions. Paired t-test was used to test the significance of the gaps between customers' expectation and perception means. Based on the paired t-test result, the gaps scores for each dimension with respect to each bank were calculated by subtracting the expectation score from the expectation score. To find gap **first**, the score for each respondent by adding SERVQUAL scores on the features under each dimension and the total sum of these features pertaining one dimension is divided by the total respondents. **Second**, the score summed up for the entire respondent's total score and then divided by total number of respondents. The overall expectation level is showed through counting the score of each dimension and then summarizes them by diving five dimensions. In this way, respondent's score was counted. The score also calculated for perception of all the respondents in the same way. Statistical Package for Social Science (SPSS V.20) was used as the tool to analyze the data set.

RESULTS

As shown in Table 1, 67.3% were males whereas 21.43% were female. Moreover, the Chi-square test revealed that there is a systematic association between gender and bank service except on the reliability and empathy by men and female respondent at 5% probability level. The findings showed that both men and women may be affected by the service provided by OIB found in Ambo Town. Likewise, Table 1 depicts distribution of respondents by age as shown in the table by indicating 20-30, 31-40, 41-50 and greater than 51 correspond with 35.5, 44.2, 10.9 and 9.3%, respectively. The Chi-square test revealed that there is no systematic association between age and service quality dimension except on the tangibility. The other demographic variable presented in Table 1 was marital status. Accordingly 13.7% were single and the left about 86.3% were married. The Chi-square test revealed that there is a systematic association between marital status and service quality dimension except on the reliability and assurance. As shown in Table 1, the distribution of respondents by education was as shown in the able by indicating below grade 12, Diploma/Levels, A degree and Master and above corresponds with 37.1, 39.3, 11.8 and 11.8%, respectively. Chi-square test revealed that there is no systematic association between education and service quality dimension on the reliability, responsiveness and assurance whereas there is relationship in case of the

Table 1. Descriptive analysis: Chi-Square tests of respondents' profile.

Category		Frequency	Percept	χ^2 (Chi-square tests)					
				Tangibility	Reliability	Responsiveness	Assurance	Empathy	Satisfaction
Gender	Male	216	67.3						
	Female	105	32.7	0.057	0.089	0.000	0.010	0.181	0.001
	Total	321	100.0						
Age	20-30	114	35.5						
	31-40	142	44.2						
	41-50	35	10.9	0.001	0.409	0.463	0.321	0.827	0.263
	Above 51	30	9.3						
	Total	321	100.0						
Marital Status	Single	44	13.7						
	Married	277	86.3	0.010	0.069	0.000	0.228	0.000	0.003
	Total	321	100.0						
Education	Below grade 12	119	37.1						
	Diploma/Levels	126	39.3						
	BA degree	38	11.8	0.009	0.905	0.081	0.125	0.001	0.009
	Master and above	38	11.8						
	Total	321	100.0						
Occupation	Jobless	67	20.9						
	Private	130	40.5						
	Government	59	18.4	0.000	0.848	0.224	0.015	0.153	0.407
	NGO	35	10.9						
	Self-employed	30	9.3						
	Total	321	100.0						

Source: Primary Data (2019).

tangibility, empathy and satisfaction. The last respondents profile presented in Table 1 was occupation. Accordingly, jobless, private, government, NGO and self-employed shown in the table by indicating 20.9, 40.5, 18.4, 10.9 and 9.3%, respectively. The Chi-square test revealed that there is no systematic association between occupation and service quality dimension whereas there was relationship on the tangibility and assurance.

In Table 2, service quality was measured by using the five service quality dimensions, which has 22 questions relating to customers' expectation and perception. In the result, a negative gap indicates that customers perceived level of service provided by bank did not meet their expectations. On the other hand, a positive gap indicates that customers perceived level of

Table 2. Inferential Analysis: Paired-t test analysis of service quality gaps.

SQ dimension	SERVQUAL statements	SQ Gap(P-E)	t-value	P-value
	Modern looking equipment	-1.486	11.115	0.000***
	Physical facilities visually appealing.	-1.533	11.467	0.000
Tangible	Employees are well dressed.	-.542	4.869	0.000
	Materials are visually appealing.	-2.187	17.347	0.000
	Average gap score	-1.44	11.19	
	Delivers service at promised time	-1.785	13.308	0.000
	Interest in solving problem	-1.551	14.355	0.000
Reliability	Perform service right first time	-1.701	11.831	0.000
	Follows the promised time	0.215	.753	0.453
	Maintain error free records	-0.626	5.426	0.000
	Average gap score	-1.09	9.13	
	Telling about performance of service	-1.364	7.895	0.000
	Gives prompt service	-1.103	7.680	0.000
Responsiveness	Willingness to help customers	-1.075	7.910	0.000
	Busy to respond customers queries	-0.561	4.716	0.000
	Average gap score	-1.03	7.05	
	Instills confidence in customer	-0.402	2.788	0.006***
	Safe transactions for customer	-1.20	9.922	0.000
Assurance	Employees are consistently courteous	-0.364	2.919	0.004
	Employees have enough knowledge	0.131	1.145	0.255
	Average Gap score	-0.46	4.19	
	Gives individual attention	-0.822	5.094	0.000
	Convenient operating hours	-0.084	.615	0.540
	Gives personal attention	0.103	.790	0.431
Empathy	Best interest in heart	0.280	2.664	0.009
	Understand customer's specific needs	-0.692	4.727	0.000
	Average Gap score	-0.23	2.79	
	Overall gap score of 22 attributes	-0.85	6.87	

***Significant at 1% significant level.
Source: Primary Data (2019).

service quality exceeded their expectations. A comparison of bank customers' actual perceptions of service quality with their expectations, using paired t-test, used to show a statistically significant difference on all the 22 attributes examined. The analysis was based on the "pre-post" design. That is the study consists of two measurements taken on the same customers, one before entering bank (expectation) and the other after the service is received (perception).

The gap scores of service quality of **OIB** for service attributes considered according to importance to the respondents based on five service quality dimensions. For each of the service dimensions the average difference (gap) between expectation and perception measures the service quality for **OIB.**

The estimated model is,

Customer satisfaction = -0.213+.146 (Tangibles) + 0.103 (Reliability) + 0.155 (Responsiveness) + 0.162 (Assurance) + 0.558 (Empathy)

Table 4 represents the regression result which shows customer satisfaction against the five dimensions of service quality. The multiple regression analysis was performed in order to test the relationships between the independent variables (tangibility, reliability, responsiveness, assurance, and empathy) and the dependent variable (customer satisfaction). With reference to the theoretical framework presented in Figure 1, the relationships of SERVQUAL and customer

Independent variables   Dependent Variable
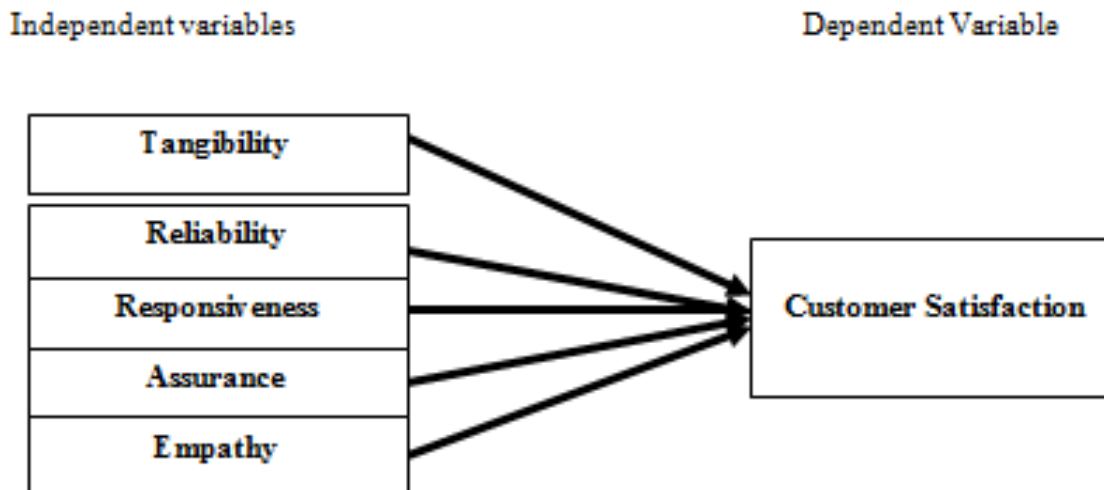
Figure 1. The relationships of SERVQUAL and customer satisfaction.
Source: Parasuraman et al. (1994) and Caruana (2002).

satisfaction were examined by regression analysis and the results are summarized in Table 4. Accordingly, all the five SERVQUAL dimensions were significantly related to customer satisfaction at the level of $p < 0.05$. The R-square value of customer satisfaction was 0.729 which indicate a high level of explanation of both dependent variables by the independent variables included in regression model.

DISCUSSION

Here, discusses the result by showing the consistency with the previous studies. Accordingly, Table 2 presented the inferential analysis of paired-test analysis of service quality gaps of OIB. The paired t-test showed a statistically significant difference on all service dimensions. In the first dimension, tangible, the biggest gap found was -2.187 that were in item of "materials are visually appealing". The average gap score for this dimension was -1.44 and the paired t-test for customers' expectations and perception was 11.19, this was statistically significant. Tangibles are used by bank to enhance its image, provide continuity, and signal quality to customers. Then, must combine tangibles with another dimension to create a service quality strategy for its customers. In the second dimension, reliability, the biggest negative gap found was -1.785 that was in the item of "tell you about performance of service". The average gap score found in this dimension was -1.09, and the paired t-test was 9.13. This result indicated that, the reliability attributes scores of this bank was below customers' expectations, and the gap was statistically significant. In the third dimension, responsiveness, the biggest gap found was -1.364 and this gap found in the item of "delivering service at promised time. The average

gap found for reliability this was -1.03, and the paired t-test for this dimension was 7.05 and the gap was statistically significant. All this result indicated that, the attributes scores of this bank was below customers' expectations. In the fourth dimension, assurance, the biggest gap found was -1.20 which was in item of "safe transactions for customer". The average gap of assurance (-0.46) and the paired t-test was 4.19, which was statistically significant. This dimension is particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes. In the fifth dimension, empathy, the biggest gap was -0.822, found in the item of "gives individual attention". The average gap on this dimension was -0.23, and the paired t-test for customers' expectations and perception was 2.79, which is statistically significant. This indicates that the service quality performance by this bank was below customers' expectations. The essence of empathy functioned through personalized or customized service, that customers are unique and special. Personnel at, must know its customers by name to build relationships that reflect their personal knowledge of customer requirements and preferences. Among the five dimensions, in the tangibility dimension the largest gap was found, followed by reliability, responsiveness, assurance and empathy. Therefore, it is clear that tangibility was the dimension in which the maximum gap was found and should be monitored. From this it is possible to conclude that the overall service quality provided by this bank was below customers' expectations from customers' perspective. As observed from the result, almost customers' expectation greater than perception such as the result of OIB. As Parasuraman et al. (1988), recommended frequently measuring customers' expectations and perceptions with respect to service quality dimensions and investigating

Table 3. Overall service quality dimension gaps' ranks.

Servqual dimensions	SQ Gap (P-E)	Rank
Tangibility	-1.44	1st
Reliability	-1.09	2nd
Responsiveness	-1.03	3rd
Assurance	-0.46	4th
Empathy	-0.23	5th
Total	-5.05	-
Average	-1.01	-

Source: Primary Data (2019).

Table 4. Regression results of service quality gaps.

Variable	β	P-Value
Constant	-0.213	0.160
Tangible	0.146	0.001
Reliability	0.103	0.037
Responsible	0.155	0.000
Assurance	0.162	0.000
Empathy	0.558	0.000
R^2	0.729	-

Source: Primary Data (2019).

the impact of customer involvement on service quality performance of banking industry may help understand the difference between customers' expectation and perception then, this lacks this bank (-). According to Naveen (2016), service quality is a very important element influencing customers' satisfaction level in the banking industry but this was not recognized by this bank, which result in customer dissatisfaction and bad image on the bank's service quality. Then the result of - on SQ gap analysis not satisfactory as expected by its customers and not much with the suggestions of past scholars on the area of service quality management area, which need the bank to revise its strategies on SQ performance.

Table 3 shows the overall service quality dimension gaps' ranks. Overall performance, as perceived by customers was below their expectations across all service quality dimensions except on Empathy customers were satisfied in OIB. It is useful to note that the gap score for OIB on the average was -1.01 which indicates OIB customers generally rated bank' performance belowtheir expectation and it shows that there is a significant gap between customer perceptions and their expectations. In general, the image of SQ performance of OIB in Ambo Town is briefly stated in the following. The first widest gap between perceived performance and expectations was found in the dimension of tangibility. The study reveals that, from the viewpoint of OIB customers, OIB-were not

good at the physical elements that makes up a bank physical attributes (tangibles) as perceived by customers. Service by its nature is intangible, because it cannot be touched, sensed, tasted or smelled. However, no service is 100% intangible as it is seen from the real world situation. It somewhat includes a tangible feature in it. The all customers of bank gave the lowest point score in this dimension. The gap on this dimension was (-1.44), which shows that the bank were not fulfilling their customers' expectation about physical appearance, modern looking building, equipment and the physical appearance and smartness of the employees. The second widest gap between perceived performance and expectations was found in the dimension of reliability (-1.09). According to Wu (2011), the consumers consider reliability to be the most important dimension in judging service. In this dimension, the customers show -1.09 which was the highest gap score among all other dimensions. That means not satisfied according to their expectations on this dimension. The Third widest gap between perceived performance and expectations is in the dimension of responsiveness (-1.03). From this result, it is possible to infer that bank employees' willingness to help customers and provide prompt service does not seem good in this bank branch, which are included under study. Every organization in the world has its own success factor (criteria) for instance; some depend on their scarce natural resources, while others depend on

and expectations was found in the dimension of tangibility. This reveals that, from the viewpoint of bank customers, the bank was not good at the physical element that makes up a bank physical attributes (tangibles) as perceived by customers. Then OIB should provide physical representations service that customers use to evaluate quality.

(2) The second service quality gap was found in the reliability dimension in the five SQ dimensions. As the study found that more customers of bank were dissatisfied with this dimension. To minimize this gap, the manager should provide training to employees on how to handle customers' complaints, motivate employees to perform serve without any delay by following the promised time, perform service right first time by following the promised service and maintain error free records employees on how to reply and provide reliable information timely.

(3) The third service quality gap score examined in the responsiveness dimension. To narrow this gap, the bank should increase the understanding of their employees how to tell about performance of service to customers by providing instruction to them, gives prompt service by improving employees and managers' abilities, show willingness to help customers' needs, by making customer relationships, and train the frontline staff to make more responsive or make them, as they frequently respond to customers' queries frequently by empower them.

(4) The fourth gap score among the five service quality dimensions was found in assurance dimensions. The study reveals that, from the viewpoint of bank customers, OIB are relatively good at the knowledge and courtesy, the politeness of employees and the ability to inspire trust and confidence as perceived by them. Still it is not satisfactory it need the bank to improve its service on this dimension. Then the OIB should provide trust and confidence which embodied in the person who links the customer to the OIB, such as bank. In such service contexts, the OIB seeks to build trust and loyalty between key contact people and individual customers.

(4) The fifth gap between perceived performance and expectations is in the dimension of empathy. OIB in Ambo Town do not seem to be good in giving and caring individualized attention to their customers by considering their individual needs. It is known that OIB, which is currently operating in the Ambo Town, are not providing services suitable working hours for customers. This may not equally be suitable for some customers from other organization. This means that bank do not consider their organizations employees toward customers. Then OIB should convey, through personalized or customized service, that customers are unique and special.

Suggestions for future research

An attempt to extend the study coverage on a wider geographical area or city, change factors and apply advanced model could also be considered for future study in order to enhance the generalization of the findings and to further investigate the actual contribution of service quality on customer satisfaction in banking or another servicing based sector in other Oromia region and also other parts of Ethiopia.

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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