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**CUSTOMER SATISFACTION MEASUREMENT TECHNIQUES
IN MAJOR LEBANESE BANKS**

**A research topic presented
In partial fulfillment of the requirements for the
degree of Masters in Business Administration**

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JUNE, 1996**

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APPROVAL OF RESEARCH TOPIC

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DATE : JUNE 1996

DEGREE : MASTERS IN BUSINESS ADMINISTRATION

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ACKNOWLEDGEMENT

I would like to thank all those who participated in the accomplishment of this work.

I am very grateful to Dr.Nouri Beyrouti for his great assistance and guidance throughout the study. Special thanks are due to Dr.Hussin Hejase for his valuable remarks.

I would like also to thank Miss.Manal Yunis whose cooperation and assistance contributed to the fulfillment of this work.

Many thanks are due to my friends for their encouragement and helpfulness. Special thanks go to the managers of Lebanon And Gulf Bank SAL for providing every possible assistance needed particularly, Mr.Samer Itani, Dr.Marwan Kaddoura and Mr.Antoine Sader.

I am very grateful to Mr.Abdul Salam Chebaro, manager of L/C department at Lebanon And Gulf Bank SAL, for his generous cooperation in the achievement of this research.

Finally, many thanks go to all my family for their patience, support and encouragement.

ABSTRACT

The concept of measuring customer satisfaction and establishing measurement techniques has received quite a high concern from the part of managers in different companies. All the things managers do to achieve quality and provide excellent service are not important at all if they do not work to satisfy the customer. Because of the importance of satisfying customers, companies need to establish a satisfaction measurement program in order to objectively monitor how well they are doing.

The purpose of this research is to study and analyze management's assessment of the most common customer satisfaction measurement techniques in major Lebanese banks. It also intends to see the different techniques or tools applied in the measurement process and to examine the various factors that are likely to be associated with the manager's decision to use customer satisfaction measurement techniques.

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CHAPTER I

INTRODUCTION

1.1 Overview

Companies cannot survive by simply doing a good job. They must do an excellent job if they are to succeed in the increasingly competitive global market place. Consumer and business buyers face an abundance of suppliers seeking to satisfy their needs. Only those companies that track their customers' expectations, perceived company performance, and customer satisfaction can supply target customers with competitively superior offers. Equal importance should be placed on maintaining current customers and on creating new customers. The process of providing continuing satisfaction and reinforcement to individuals or organizations that are past or current customers is called aftermarketing. Customers must be identified, acknowledged, communicated with, audited for satisfaction, and responded to. The goal of aftermarketing is to build lasting relationships with all customers. The aftermarketing function in an organization plays an important role in suggesting that a stronger commitment be made not only to acknowledge customers' self-initiated reports, but also to establish satisfaction measurement techniques to actively assess the opinions of all customers.

On the surface, measuring customer satisfaction would appear to be one of the most simplistic of all aftermarketing tasks. One marketing researcher tells of a store in Minneapolis where the customer satisfaction survey is a simple note to the president, saying, "Hey Chuck": with five phrases to be selected from:

- (a) "I'm very impressed". (b) "I'm pleasantly surprised". (c) "I'm satisfied".
- (d) "I'm mildly infuriated". (e) "I'm very annoyed".¹

¹ J. Pope." What are really the best questions for measuring customer satisfaction". Customer Satisfaction and Quality Management Conference. American Marketing Association And The American Society for Quality Control, March 1990.

Customer satisfaction is a very complex task, it requires that the marketer knows virtually everything about his product or service and how and why customers purchase it in order to be able to ask the appropriate questions to determine and measure the customer's level of satisfaction. In an aftermarketing program to build relationships with customers, one of the very first issues addressed with each individual customer must be: "How well are we satisfying you?". Insensitive communications to a dissatisfied customer are a waste of money and may even exacerbate the displeasure. Conversely, communications (even to a satisfied customer) which persist without inviting a dialogue for feedback may create frustration.

A customer-oriented company would track its customer satisfaction level each period and set improvement goals. For example, Citibank aims to achieve a 90% customer satisfaction level. If Citibank continues to increase its customer satisfaction level, it is on the right track. On the other hand, if its profits rise but its customer satisfaction falls, it is on the wrong track. Profits could change in a particular year for many reasons, including rising costs, falling prices, major new investments, and so on, but the ultimate sign of a healthy company is that its customer satisfaction index is high and keeps rising. Customer satisfaction is the best indicator of the company's future profits.²

1.2 A history of customer satisfaction Measurement

The ability of a company to satisfy customers may be its most important aftermarketing attribute. Because of the importance of satisfying customers, it is critical to have a satisfaction measurement program in place to objectively monitor how well the organization is doing.

A customer satisfaction program may be referred to as CSM (Customer Satisfaction Measurement), CSP (Customer Satisfaction Program), or CSI

² Terry G. Vavra, Aftermarketing. How to keep customers for life through relationship marketing, Business one Irwin, U.S.A, 1992, p.139.

(Customer Satisfaction Index). CSI is a term that has become widely recognized in the automotive industry. Japanese auto manufacturers are often credited with the emerging focus on consumer interests and satisfaction. Examples given are:

- The sales successes of Japanese automobile manufacturers in the American market
- Japanese cultural values that place importance on respect for the individual customer

Customer satisfaction has been most actively marketed in the United States by the consulting firm J.D. Power and Associates. In 1969 Power started conducting and publishing his multimanufacturer findings. The Power CSI (Customer Satisfaction Index) is a cross-industry measurement of customers' satisfaction with their new cars within three to six months of purchase. Based on responses from up to 30,000 automobile purchasers a year, Power ranks automobile manufacturers according to how well they score on customer satisfaction.³

To supplement the information from Power's industry survey, many automobile manufacturers including Rolls Royce, Ferrari, Toyota, Hyundai, and Ford have developed customer satisfaction programs of their own. They recognize that in order to produce a quality product, to get customers to become repeat customers, and to get customers to recommend their automobile to potential customers, they must invite an open dialogue with their customers.

The Ford Motor Co. reports that it surveys upwards of 2.5 million customers a year and regularly invites owners to meet with both engineers and dealers to discuss quality problems. Ford has also designed a software system that makes it easier for executives and

³ Ibid, p.143

engineers to use customer satisfaction data.⁴ In the words of Ford's chairman, Donald E. Petersen, "if we aren't customer driven, our cars won't be either!"⁵

Other industries besides the automotive industry have similarly discovered Customer Satisfaction Indexes and have become very active in customer satisfaction programs:

- Du Pont Company's top management has been trying since the mid-1980s to better adapt the company's technological achievements to customer needs. Du Pont's chairman, Edgar S. Woolard, has instituted a policy of customer visits by Du Pont technicians and salespeople.*
- Marriott spent \$10 million in 1988 conducting over 200 different marketing research projects, most directed at listening to customers.⁶*

1.3 The value of a customer satisfaction program

There is some very compelling hard evidence about the bottom line value of satisfying customers. The profit impact of marketing strategies project of the Strategic Planning Institute of Cambridge, Massachusetts, shows that financial performance is directly tied to the perceived quality of a company's goods or services. The data also suggest that one of the most powerful tools for shaping the perceptions of overall quality is customer service and satisfaction.⁷

A good customer satisfaction measurement has several values:

⁴ "King Customer", Business Week, March 12, 1990, p.90

⁵ Ibid, p.90

⁶ F.E. Camacho and M.D. Knain, Listening to customers: The Market Research Function at Marriott Corporation, "Marketing Research", March 1989, pp.5-14

⁷ Terry G. Vavra, Aftermarketing: How to keep customers for life through relationship marketing, p.145

- It emphasizes understanding of the buyer-seller relationship.
- It focuses the corporation's perspective on customer satisfaction, not just on competitive offerings.
- It increases inspection of how employees affect customer satisfaction.

Companies need to have external measures of customer satisfaction for any or all of the following reasons:

- Customer satisfaction is often equated with quality.
- Commitment to a customer satisfaction program demonstrates leadership in a category.
- Internal measurements of customer satisfaction may be inadequate or inappropriate.
- Companies can benefit from listening to an objective voice of the market.
- Many customers do not overtly complain because they may feel that nothing will be done.
- A customer satisfaction program is a powerful tool compelling improvement.
- Competitors may already have successful satisfaction programs of their own.⁸

Some believe that measuring customer satisfaction may be what distinguishes very successful companies from less successful ones. John Brooks, in his book *Telephone: The First Hundred Years*, summarizes the importance of the customer satisfaction movement:

"Talking to customers tends to counteract the most self-destructive habit of great corporations, that of talking to themselves."⁹

⁸ Ibid, p.146

⁹ J.Brooks, *Telephone: The First Hundred Years*, Harper and Row Publishers, New York, 1987, p.345

1.4 The need of the study

The need for the application of customer satisfaction measurement techniques in companies is summarized in the following points:

- Managers, by using customer satisfaction measurement techniques, will learn about customer perceptions. These perceptions include: What customers look for in doing business with a company; What are their criteria for acceptable service quality performance; What must they receive to be minimally satisfied; What should a company do to make them extremely satisfied and to keep them in the future.
- Customer satisfaction measurement techniques not only determine how customers feel about the product or service they receive but they also identify what the customers need from the organization. What should also be determined is what they require in the way of product specifications or content of the service program. What customers need, want, require, and expect from the organization and why should also be measured when customer satisfaction is measured.
- Customer satisfaction measurement techniques help in closing the gaps that exist between customers and providers. These gaps result from the differences in perception between what the business believed it had provided and what the customer perceived to have received.
- Customer satisfaction measurement techniques help in inspecting what is expected from the organization in order to improve customer satisfaction. Standards of performance must be set, staff and customers should be informed of those standards and then the actual performance should be measured against those standards. When the goals of the business are set based on customers' perceptions and expectations and then performance is publicly measured toward those goals, an excellent chance of improving and increasing customer satisfaction can be obtained.

- Customer satisfaction measurement techniques will teach organizations how they are doing and where they go from here. Customers will tell if they are satisfied now and what should be done to satisfy them in the future. They will also tell if there is a need to change the business strategy.

Consequently, the need for the application of customer satisfaction measurement techniques is crucial to the success of every business and to the improvement of customer service operations.

1.5 The purpose of the study

Having discussed the need for the application of customer satisfaction measurement techniques in organizations, the purpose of conducting the study is to analyze management's assessment of customer satisfaction measurement techniques in major Lebanese banks and the factors that can influence their decision to apply these techniques. The study attempts to test the following hypothesis:

- 1- Measuring customer satisfaction is well implemented in Lebanese banks*
- 2- Application of customer satisfaction measurement techniques is likely to be associated to factors such as: Management's skills, capabilities and awareness of the effects of customer satisfaction, role of employees in determining and measuring customer satisfaction, the cost of measurement techniques, banks' customers and the increasing rate of lost customers.*

Moreover, the research aims at:

- Introducing managers to customer satisfaction measurement techniques that should be used in order to improve customer service and satisfaction.

- Testing the applicability of such techniques in the Lebanese banking sector where competition is highly remarkable.
- Providing information about the importance of measuring customer satisfaction and its effects on the operations of the business.
- Making managers aware of the role of employees in providing information about customers' needs and expectations. When managers acknowledge how important their staff are for satisfying customers, they will definitely train employees in the technical aspects of their work as well as the service related aspects of it.
- Making managers aware of the role they should play to commit resources as well as moral support to the fulfillment of a successful customer service program and to the achievement of customers' needs and wants.

Finally, this study will constitute a reference for all those who feel interested in determining and measuring customer's level of satisfaction especially managers who begin to view the customer as the source of a stream of earnings which will continue well into the future as long as the business continues to keep the customer happy.

1.6 Research Outline

The plan of the study consists of chapter II which gives a literature review of the concept of satisfaction. It also provides information about the cost of losing customers, how does customer satisfaction affect profitability of the business. Chapter II presents finally a detailed description of the customer satisfaction measurement techniques used in most companies and pinpoints the role of managers and employees in the fulfillment of a successful customer satisfaction measurement program.

Chapter III concentrates on the research design and methodology that is conducted in the Lebanese banking sector to see whether managers do measure customer satisfaction, whether they are familiar with the techniques discussed

in Chapter II and regularly apply them. Moreover the research includes interviews with some bank managers to see what other techniques do they use in tracking customer satisfaction.

Chapter IV is concerned with analyzing and evaluating the results of the survey conducted by establishing equations and building comparisons between the variables of the research study.

Finally, Chapter V is devoted mainly to draw conclusions and to give some recommendations based on the results achieved in chapter IV.

CHAPTER II

LITERATURE REVIEW

Today's customers face a growing range of choice in the products and services they can buy. They are making their choice on the basis of their perceptions of quality, service, and value. Therefore, a company that aspires to give customers exactly what they want, must look at the world through new lenses. It must use technology to become two things: a mass customizer that efficiently provides individually customized goods and services, and a one-to-one marketer that elicits information from each customer about his or her specific needs and preferences. The twin logic of mass customization and one-to-one marketing binds producer and consumer together in what we call a learning relationship-an ongoing connection that becomes smarter as the two interact with each other, collaborating to meet the consumer's needs over time.¹

2.1 What is satisfaction?

Satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations.²

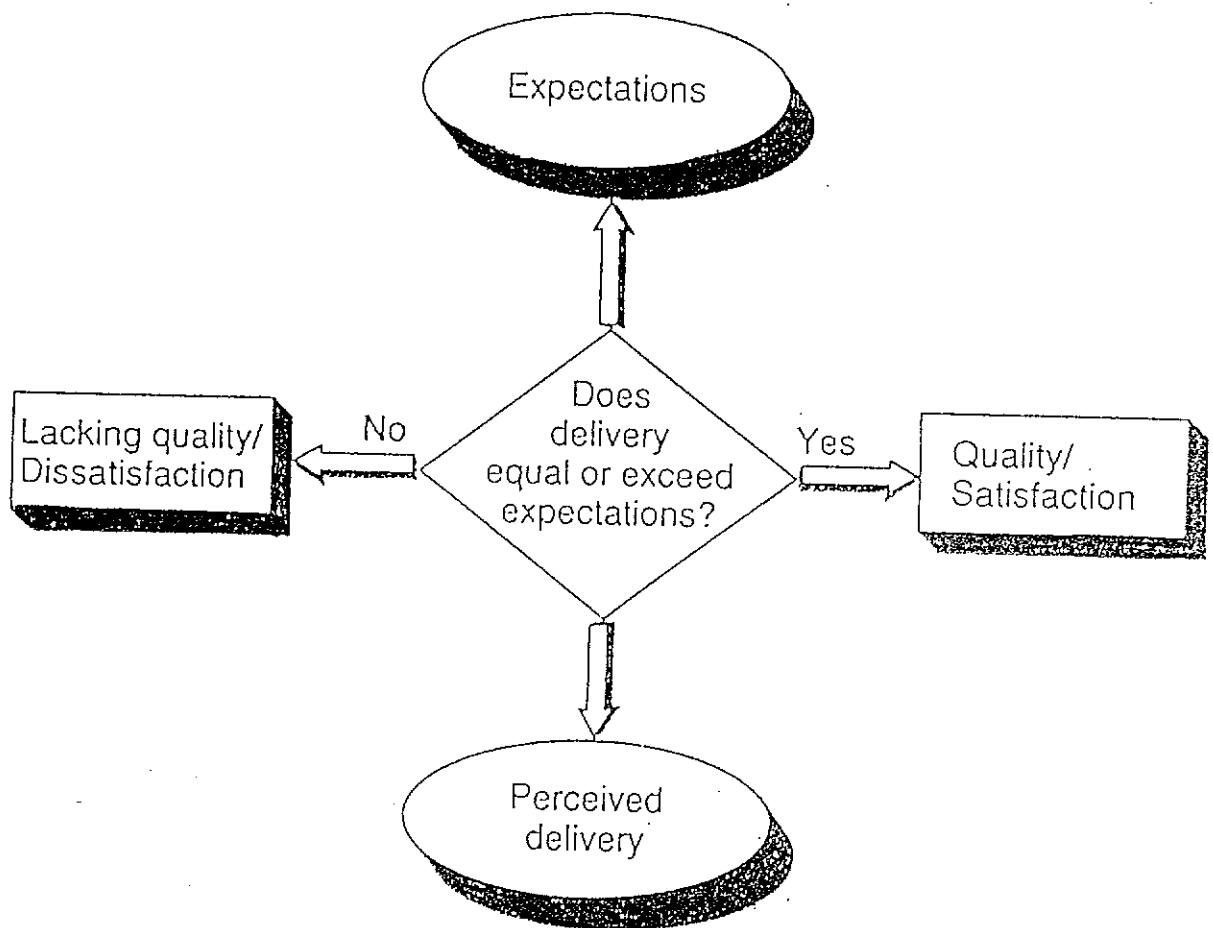
Thus, the satisfaction level is a function of the difference between perceived performance and expectations. A customer can experience one of three broad levels of satisfaction. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied, pleased, or delighted. (See Exhibit 2-1).

Because customer satisfaction relates to what customers expect from a product or service, it is necessary to understand how expectations are formed.

¹ B. Joseph Pine II, Don Pepper, and Martha Rogers, "Do you want to keep your customers forever?", *Harvard Business Review*, March-April 1995, p.103

² Philip Kotler, *Marketing Management*, Prentice International Inc, U.S.A, 1994, p.40

Exhibit 2-1
Definition of Satisfaction



Source : Terry G. Vavra, After marketing : How to keep customers for life through relationship marketing. Business one Irwin, New York, 1992, p. 142.

Expectations are formed on the basis of the buyer's past buying experience, statements made by friends and associates, marketer and competitor information, the company's culture, advertising, sales, word of mouth information, and aftermarketing activities all help shape expectations.

(See Exhibit 2-2).

Therefore, every marketer who accepts the challenge of aftermarketing must dedicate himself/herself to provide satisfaction and to meet customers' needs and expectations. That is why the role of good satisfaction measurement programs is not only to track levels of satisfaction, but to provide an understanding of customers' expectations as well.

2.2 The cost of losing customers

Companies today are seeking to develop stronger bonds and loyalty with their ultimate customers. In the past, many companies took their customers for granted either because customers did not have many alternative suppliers, or the market was growing so fast that the company did not have to worry about fully satisfying its customers.

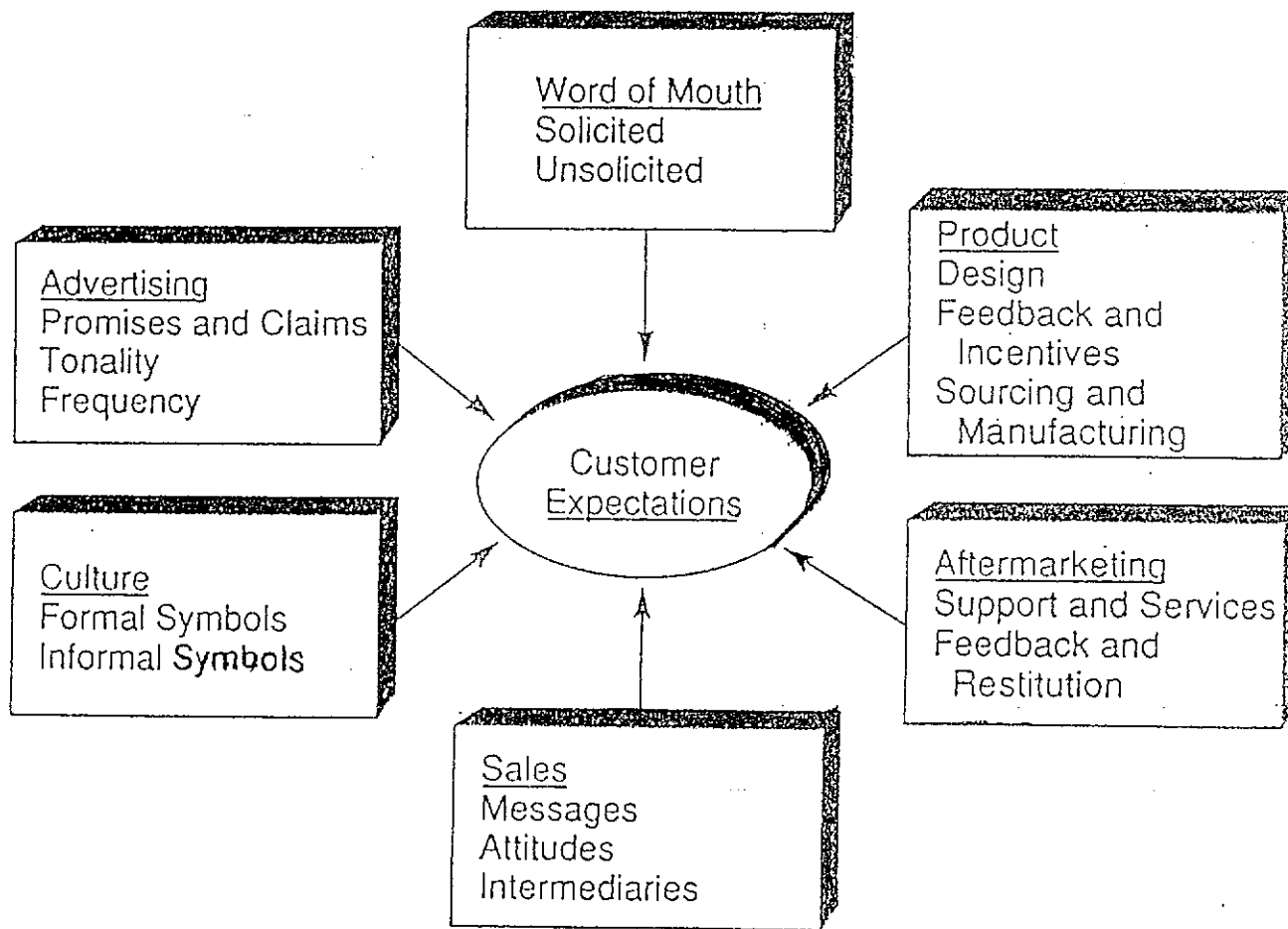
A company for example, could lose 100 customers and consider its sales to be satisfactory. But this involves a higher cost than if the company retained all 100 customers and acquired no new ones. Such a company is operating on the basis that there will always be enough customers to replace the defecting ones³.

Laura Liswood suggested an exercise to appreciate the costs of losing customers over the course of a year for a typical department store.

(See Exhibit 2-3)

³ Philip Kotler, Marketing Management, p.46

Exhibit 2-2
The Formation of Expectations



Source : Terry G. Vavra, After marketing : How to keep customers for life through relationship marketing. P. 140.

Exhibit 2-3 : The costs of losing customers

Number of accounts lost:	2,000	(167 accounts / month)
	<u>x \$ 1,200</u>	Average revenue / account
	\$ 2,400,000	Total lost annual revenues
Profit lost:	<u>x 0.12</u>	Profit margin
	\$ 288,000	Total lost profit
Account closing costs:	\$ 20	Per closed account
	<u>x 2,000</u>	Number of lost accounts
	\$ 40,000	Total administrative costs
Total costs:	\$ 288,000	Profit lost
	<u>+ 40,000</u>	Administrative costs
	\$ 328,000	Bottom line annual costs of losing customers

Source: L. Liswood, Serving them right, Harper Business, NewYork,
1990, p.93

Customer loyalty, then, has a price. As marketers become more familiar with the idea of a customer's lifetime value, they will begin to calculate it for their own customers. Thus, they will understand the value of customer relationships in dollars and cents. They will have proof of the profitability of retaining their current customers.

2.3 How does customer satisfaction affect profitability?

A profitable customer is a person or a company that yields a revenue stream over time, exceeding by an acceptable amount the company cost stream of attracting, selling, and servicing that customer⁴.

In general, high customer satisfaction should indicate increased loyalty for current customers, reduced price elasticities, lower costs of future transactions, reduced failure costs, lower costs of attracting new customers, and enhanced reputation for the firm⁵.

2.3.1 Increased loyalty for current customers

Increased loyalty of current customers means more customers will repurchase (be retained) in the future. If a firm has strong customer loyalty, it should be reflected in the firm's economic returns because it ensures a steady stream of future cash flow.

The more loyal customers become, the longer they are likely to continue to purchase from the same supplier. The cumulative value of a loyal customer to a firm can be quite high. For example, consider the lunch habits of three colleagues that regularly patronize a restaurant close to their workplace. If the average price of a meal is \$6 and the trio visits the restaurant 3 times a week, the annual revenue received by the establishment is in the neighborhood of \$2,700. One hundred similarly loyal customers would be worth \$90,000.

This group would be worth almost a half million dollars over the next five years, even if they all agree to keep the restaurant a secret from other potential customers. Increasing customer satisfaction increases the value of a firm's customer assets and future profitability.

⁴ Ibid, p. 52

⁵ E.W. Anderson and others, Customer Satisfaction, Market Share, and Profitability, Journal of Marketing, V.58, July 1995, p.55

2.3.2 Reducing price elasticities

Customer satisfaction should reduce price elasticities for current customers. Satisfied customers are more willing to pay for the benefits they receive and are more likely to be tolerant of increases in price. This implies high margins and customer loyalty. Low customer satisfaction implies greater turnover of the customer base, higher replacement costs, and, due to the difficulty of attracting customers who are satisfied doing business with a rival, higher customer acquisition costs. Decreased price elasticities lead to increase profits for a firm providing superior customer satisfaction.

2.3.3 Lowering the costs of future transactions

High customer satisfaction should lower the costs of transactions in the future. If a firm has high customer retention, it does not need to spend as much to acquire new customers each period. Satisfied customers are likely to buy more frequently and in greater volume and purchase other goods and services offered by the firm.

2.3.4 Reducing failure costs

Consistently providing goods and services that satisfy customers should increase profitability by reducing failure costs. A firm that consistently provides high customer satisfaction should have few resources devoted to handling returns, reworking defective items, and handling and managing complaints.

2.3.5 Lowering the costs of attracting new customers

The costs of attracting new customers should be lower for firms that achieve a high level of customer satisfaction. For example, satisfied customers are reputedly more likely to engage in positive word of mouth, and less likely to engage in damaging negative word of mouth for the firm. Customer satisfaction claims may make advertising more effective, and high customer satisfaction may allow the firm to offer more attractive warranties.

2.3.6 Enhancing the reputation of the firm

An increase in customer satisfaction should also enhance the overall reputation of the firm. An enhanced reputation can aid in introducing new products by providing instant awareness and lowering the buyer's risk of trial. Reputation also can be beneficial in establishing and maintaining relationships with key suppliers, distributors, and potential allies. Finally, reputation can provide a halo effect for the firm that positively influences customer evaluations.

2.4 Techniques for tracking and measuring customer satisfaction

The most important component of the aftermarketing process is the measurement of customer satisfaction. This activity offers two benefits: The marketer collects valuable information allowing him to supply the marketplace with truly valued products and services, and the marketer can demonstrate his care and appreciation of customers by asking them for input into future

production and management decisions.⁶ A company's external tools for tracking and measuring customer satisfaction range from the primitive to the sophisticated. Companies use the following methods to measure how much customer satisfaction they are creating.

2.4.1 Complaint and Suggestion Systems

Complaint handling is one of the very best examples of active customer relationship management. Unfortunately, no matter how good the established procedures are, only a small fraction of dissatisfied customers ever actually contact a company. Lele and Sheth identify the five things that can happen when a customer is unhappy:⁷

- *The customer suffers in silence.* The next time the customer buys the product or service, he will already have a negative attitude and will be expecting and looking for problems.
- *The customer switches to another marketer in silence.* This is only a problem for the marketer who realizes he/she has lost a customer, but recognizing the loss provides no information on how or why.
- *The customer tells friends and neighbors about his dissatisfaction.* In this case, the firm stands to lose several customers, the original unhappy one and all the other people he influences.
- *The customer talks to third parties.* This is the worst outcome because it can lead to lawsuits or investigations and increased negative publicity.
- *The customer talks to the company.* This is the only positive outcome. It gives the company a second chance, the opportunity to understand the customer's needs, identify the problem and correct it, and ultimately to win back the trust of the customer.

⁶ Terry G. Vavra, Aftermarketing: How to keep customers for life through relationship marketing, p.270

⁷ M.M. Lele With J.N. Sheth, The customer is key: Gaining an unbeatable advantage through customer satisfaction, John Wiley and Sons, New York, 1990, p.225

Studies show that only 4 percent (only 1 in 27) of dissatisfied customers ever complain. The other 96 percent simply go to another company, the vast majority (91 percent) of which will never come back. However, if a customer's complaint is handled satisfactorily, there is a 90 percent chance that the customer will remain a customer.⁸ Customers who have taken their valuable time to contact a company with a complaint are going to provide managers with FREE information about how to improve the business. They will also tell managers exactly what to do to make certain they will be satisfied now and in the future.

Marketers are beginning to understand the importance of good complaint handling. A survey by Organizational Dynamics, Inc. showed that as many as 85 percent of the responding companies reported routinely tracking customer complaints.⁹

Good complaint handling obviously increases customer satisfaction and has been shown to increase brand loyalty and repeat purchases. Each time a customer contacts a company to complain, the company has the opportunity to convert that dissatisfied customer into a satisfied customer as well as the opportunity to collect valuable information. In so doing, a company can control problems before they are encountered by many more customers and thus cost market share.¹⁰

A customer - centered organization would make it easy for its customers to deliver suggestions and complaints. Many restaurants and hotels provide forms for guests to report their likes and dislikes. A hospital could place suggestion boxes in the corridors, supply comment cards to exiting patients and hire a patient advocate to handle patient grievances. Some customer- centered companies- P&G, General Electrics, Whirlpool- establish "customer hot lines"

⁸ Terry G. Vavra, Aftermarketing: how to keep customers for life through relationship marketing, p.127

⁹ Laura Liswood, Serving them right, Harper Business, New York, 1990, p.6

¹⁰ Philip Kotler, Marketing Management, p.41

with toll-free 800 telephone numbers to maximize the ease with which customers can inquire, make suggestions, or complain.¹¹

2.4.1.1 How to handle complaints?

Because properly handling complaints is so important, the major steps are briefly discussed below¹²:

- Recognize and deal with the customer as another human being, a person with feelings, anxieties, even nerves.
- Acknowledge the spirit of the contact without necessarily validating its accuracy. It is important to allow the customer to describe his problem completely. Complaint handlers should not interrupt even if they believe that they quickly understand the nature of the problem.
- Express a sincere concern in the customer's problem and situation. Companies can convey the message that a customer's opinion is important by asking questions that generate real responses. Instead of asking, "Is everything satisfactory?" the company can ask, "what one thing can we do to make this better?"
- Clearly identify the customer's exact concern and understand precisely what has aggravated him.
- A skilled correspondent should attempt to 'neutralize' or 'defuse' each complaint by taking the customer's side.
- Offer a solution and get the customer's agreement that this will solve his problem. If the solution will take some time, provide a tracking system so the customer can participate in the resolution of his problem.
- End with a sincere apology and a request for the customer's future business.
- Recontact the customer one week later to assess his satisfaction with the way his problem was handled and the solution the company provided.

¹¹ Ibid, p.41

¹² Terry G. Vavra, Aftermarketing: How to keep customers for life through relationship marketing, p.128

2.4.1.2 Invest in making it easy for customers to complain

The most important aspect of complaint handling is to engender within the organization a willingness to hear complaints. And then, rather than waiting for dissatisfied customers to come forward of their own volition, the organization must actively invite customers to complain, to help the organization identify and address its problems.¹³

Part of the investments should go into opening channels of communication so that your customers know how and where to complain. The Royal Bank of Canada provides an example on how to make it easy for customers to complain.¹⁴

A folder called "Straight talk about making a complaint at the Royal Bank" tells depositors the principal steps to take in making a complaint:

- a- Make the initial complaint to the individual's local branch or credit card center, by letter, phone, or personal visit, providing specified information.*
- b- If the initial contact doesn't resolve the matter to the depositor's satisfaction, the depositor is urged to contact the bank's senior vice-president in that province.*
- c- If step "b" doesn't produce satisfactory results, the depositor is asked to write the president at the bank's head office.*
- d- If the depositor is still dissatisfied, the folder gives the address of the Superintendent of Financial Institutions, the government agency that regulates banking practices, whom the depositor may contact.*

The folder ensures depositors that all complaints will be acknowledged within 5 working days and that in many cases the complaint will be resolved at

¹³ Ibid, p.130

¹⁴ Warren Blanding, Customer Service Operations, American Management Association, New York, 1991, p.121

that time as well. But it adds, "Since some situations may be complex, you can expect that these will take longer to resolve".

The value of the folder is not only that it has high credibility, thanks to the inclusion of the government agency, but also that it projects the image of a bank that respects customers' right to complain and makes it easy for them to do so, and, particularly, that it provides valuable feedback and minimizes the likelihood of festing unvoiced complaints.

Thus, a special department for handling customer complaints and receiving suggestions is a vital tool for measuring customer satisfaction and creating customer loyalty.

2.4.2 Lost customer analysis

Lost customers are the marketer's defects. These are the customers for whom the marketer's system has failed. To improve the marketing system and products or services, the marketer can contact (and learn from) lost customers. Their opinions about the product or service, the delivery system or personnel, may offer more meaningful and objective information than that provided by current, reasonably satisfied customers. Another reason for contact with lost customers is that many can be won back! A lost customer survey can also serve as input to a sales prospecting program by identifying lost customers with high likelihood of repurchasing. Lost customers surveys and win back programs remind the marketer that customers are not always lost forever.¹⁵

When something upsets a customer enough to cause him to stop doing business with a marketer, it is important for the marketer to identify what upset the customer and why. Although some may consider talking to departing customers an example of too little attention, too late, the information to be gained has significant value. It can help pinpoints problems that are bad enough

¹⁵ Terry G. Vavra. Aftermarketing: how to keep customers for life through relationship marketing, p.209.

to cause customers to stop doing business with the company. The goodwill value of showing enough concern to ask why a customer is leaving cannot be underestimated. Though it is unlikely to cause the customer to reverse his decision to leave, it may make the customer more receptive to win-back efforts in the future. Why should any customer consider returning to do business with a marketer who never expressed concern over his departure in the first place?

2.4.2.1 Factors to consider

In their attempt to learn from lost customers, managers should take the following factors into consideration in order to have a successful lost customer survey:¹⁶

- ***The medium of the survey:*** The goal in choosing medium is to maximize response rate while minimizing intrusion into the lost customer's life. Telephone interviews command attention, but often interfere with a customer's work or personal time. The most common format for lost customer surveys is probably mail.
- ***The presentation of the questionnaire:*** This is the marketer's last communication with the customer, and how it is presented may influence the customer's long-term remembrance of the marketer. The questionnaire package has two objectives: to acknowledge that the customer has stopped purchasing the marketer's goods or services, and to request information about the circumstances which led the customer to defect. The package containing the letter and questionnaire ought to be as personalized as possible, reinforcing the impression that the customer is known as an individual.
- ***The explanation accompanying the questionnaire:*** How can customers who have stopped doing business with the marketer be expected to answer the questionnaire? The answer to this is the marketer's sincere request for

¹⁶ Ibid, p.210

help. The message delivered to the lost customer must be, "We know you've stopped buying from us" and "We are asking for your help so that we can fix the situation to prevent other current customers from experiencing the same problem". Many customers will be happy to provide their perspective of what is wrong with the marketer's product, service, or delivery system.

- ***The structure of the questionnaire:*** Customers will provide information but the marketer must also be realistic. The goal, within five questions, ought to be to identify the problem that lost the customer. Resist the temptation to ask how likely the customer might be to come back, as this appears too self serving at this point. Wait until the problem is fixed and then ask them to reinstate their business.
- ***How completed questionnaires will be collected:*** Provide a third party auditor or a senior executive of the company to receive completed questionnaires. If prepared for return by mail, the questionnaire should carry business reply postage, alleviating any expense on the customer's side for returning it.

2.4.2.2 Why customers leave?

The most common reasons that customers stop patronizing an organization include the following:¹⁷

- ***Dissatisfaction with product, delivery, service, or price.*** While a customer may excuse any one occurrence of late delivery, inaccurate shipment, even poor quality products, it is unlikely in today's competitive market that he will remain loyal in the face of repeated instances.
- ***Poor handling of a complaint.*** This is one instance in which a single incident can lose a customer. If a customer feels that a complaint has been

¹⁷ Ibid, p.216

ignored, minimized, or otherwise mishandled, chances are he will search for another supplier.

- ***Disapproval of changes.*** Any time a change is made in price, policies, or sales force, customer relationships are vulnerable. Some customers may become so angry that they stop buying altogether.
- ***Dissatisfaction with treatment.*** Current customers often do not receive the attention and courtesy they deserve. Their familiarity causes them to be treated in an inappropriated manner. This is a major mistake- all customers ought to be treated with equal respect.
- ***New people or new policies at the account.*** Changes in customer's situation can disrupt the relationship with a marketer. The best defense is to stay alert to such possibilities and try to anticipate their impact.
- ***Acceptance of a competitive offer.*** No customer, no matter how longstanding, is guaranteed beyond the last order signed. The competition is always there ready to move in, and sometimes they win away an account.

2.4.2.3 Customer win-back programs

Knowing why a customer has stopped doing business with an organization gives it the opportunity to correct its behavior and possibly win the customer back. An effective win-back effort consists of three steps:

- ***Find out why the customer stopped buying.*** To plan a successful approach to an ex-customer, the reason the customer left must be discovered. It may be something the company did or did not do, or it may be something out of the company's control.
- ***Research the customer's present situation.*** Do not assume that customers' needs of a year or six months ago still apply. The market place changes rapidly and may be making new demands. The customer's internal situation may have changed: budgets may be tighter, offices busier, or specifications revised. Such circumstances can provide an opportunity to capture the

customer's interest. Offer a solution to a new problem, an idea to use now, and quite often customers will listen.

- ***Make the contact.*** What is the best way to get in touch with the account: mail, telephone, a cold call? Who should make the contact? Find the answers by reviewing the customer's preferred ways of working, then put an attack plan into action. If the research was adequate and the approach is right for the customer, a meeting may be set up. This is a business and not a social situation. The customer's major interest is not in keeping a feud going or in dealing with friends, but simply in getting the best deal. Offering something the customer is not getting- in benefits, services, quality, or any other extra- may provide a new chance.¹⁸

2.4.3 Mystery shopping / Ghost shoppers

Another useful way to gather a picture of customer satisfaction is to hire persons to pose as potential buyers to report their findings on strong and weak points they experienced in buying the company's product or service.¹⁹

Willmark, one of the first mystery shopper services, made its name originally by observing salespeople in the burgeoning chain stores of the 1930s and 1940s. At that time, mystery shopping was primarily directed toward assessing employee honesty: Were employees putting all of the money in the cash register?.²⁰

Today, Willmark and other similar marketing intelligence firms send out mystery shoppers to routinely check on customer contact employees in a wide variety of service and product industries. No longer is employee honesty the main goal. In today's mystery shopping, the primary criterion being assessed is employee's ability and willingness to serve as effective aftermarketers.

¹⁸ Ibid, p.218

¹⁹ Philip Kotler, Marketing Management, p.42

²⁰ Terry G. Vavra, After marketing: How to keep customers for life through relationship marketing., p.226.

Managers using mystery shopping services seek to improve the quality of both the delivery system and the product or service and to thereby better maintain customer relationships, "A well designed mystery shopper program, with follow-up training and reward programs, can achieve up to a 20 percent improvement in overall customer service", one practitioner maintains.²¹

A company can hire mystery shoppers directly or hire a research firm to develop the observation format, hire the shoppers, and compile the results of the survey. The shoppers, selected to be of different demographic backgrounds, visit, call, or contact stores, branches or dealerships at different times of the day and different days of the week. During the contact, shoppers inquire about, purchase, or complain about a specific product or service. The main focus of the evaluation is usually on (1) the customer service, (2) the selling, and (3) the complaint handling capabilities of employees. Other areas, such as the facility of the product or the service itself, can also be evaluated²².

2.4.3.1 The design of the mystery-shopping program

- As in any information program, a company must begin a mystery shopping exercise by setting its specific objectives. Once the objectives are set and the criteria to be evaluated are decided on, the observation form can be assembled. A company can use a standardized form provided by a research company, or it can customize the form. Customized observation forms are generally best, focusing the observation on the specific factors that are central to customer satisfaction on the company's category. Areas for evaluation could be length of wait, product knowledge of customer contact personnel, ability of employees to probe for needs, friendliness and appearance. When specifying qualities for observation, it is important to realize that the mystery shopper's evaluation is limited to what she / he can

²¹ L.Parker, "Mystery Shopping for clues to improve service", Bottom line, October 1988, pp.49-50.

²² Terry G.Vavra, Aftermarketing: how to keep customers for life through relationship marketing, p.226

see or experience. Such things as company policy or what goes on backstage cannot be measured through mystery shopping.

- Once the observational criteria are established, the mystery shoppers study the observation form, familiarizing themselves with the areas to focus on. Sometimes they are assigned a certain product or service to ask for, such as a particular type of account at a bank.
- Immediately after interacting with the company's employees, the mystery shoppers fill out the observation form with as much detail and specificity as possible.
- The results from the observation are then compiled and analyzed just as any other survey results would be.

It is important to the success of a mystery shopping program that it should be conducted systematically and with statistical precision. It should be conducted on a regular basis-every week, month, or six month period. Specific shoppers must be rotated so that they do not become recognizable to employees.²³

2.4.3.2 The feedback of the mystery shopping program

The results of the mystery shoppers' observations can help to critique just how well relationships with customers are being handled by frontline people. In addition, they can also be used to evaluate all customer-contact personnel. However, the information that comes from mystery shopper programs goes far beyond evaluating specific employees. It provides an objective description of aftermarketing efforts that may be compared directly to customers' perceptions and to management's perceptions as well. Mystery shopping studies can identify problem areas, such as whether particular types of customers are treated differently than others. One car dealership, for example, found through a mystery shopping program that women and younger

²³ Ibid, p.229.

shoppers in its showrooms were not treated with the same degree of seriousness of respect as older male shoppers.²⁴

The studies can reveal how often employee interactions with customer are a positive experience and how able and willing employees are to answer customers' questions. The studies further allow management to track the progress of sales and customer service training. Mystery shopping can also be conducted on competitors for benchmarking purposes. When competitive shopping is undertaken, the results can be used to provide an objective view of comparative strengths and weaknesses that are less biased than the same observations collected from perceptions of loyal customers.

2.4.4 Customer Satisfaction Surveys

Companies cannot solely depend on complaint levels as a measure of customer satisfaction since some customers may feel that their complaints are minor, or that they will be made to feel stupid, or that no remedy will be offered.

Therefore, responsive companies obtain a direct measure of customer satisfaction by conducting periodic surveys. They send questionnaires or make telephone calls to a random sample of their customers to find out how they feel about various aspects of the company's performance.

Customer surveys should not be mailed in one lump sum once a year, but monthly, quarterly, or at a minimum semiannually. This will help providing a constant ready of changes in the marketplace.²⁵

Although a one-time study may be revealing and useful, the ongoing tracking of customer satisfaction levels will:

- Monitor progress
- Spot developing weaknesses before they become major problems.

²⁴ J. Bohn, Mystery Shoppers Rate Salespeople, Automotive News, July 30, 1991, p.4.

²⁵ Philip Kotler, Marketing Management, p.41

- Provide a basis for rewarding consistently good performance.²⁶

2.4.4.1 Telephone Surveys

Telephone surveys are very effective in gathering and collecting customer satisfaction data provided that the surveyor is well trained in asking the survey questions. The advantage of telephone surveys is that an experienced surveyor can focus on what the respondent is saying and gear open-ended questions to particular responses and elicit more information. The main disadvantage is that the respondent can hang up at any time or cannot be available at home or in his office in order to interview him.

For the success of telephone surveys, five principles should be followed:²⁷

1- Keep the survey simple: questions, statements and the response scales should be easy to understand. Complex questions, multiple answers have no place in a telephone customer satisfaction survey.

2- Have a script: all telephone surveyors should have a script to follow in conducting a telephone survey. This script should contain information about how they introduce themselves to customers, how they ask each question, how they respond to customer questions, how to keep a customer on the line in order to complete the survey and how to thank the customer for his cooperation. Telephone surveyors should do everything in the same way in order to preserve the integrity of the data.

3- Make the response form easy to work with: Surveyors should be able to record quickly customer's response and then move to the next questions. The response form must be easy for them to work with so that they never place a

²⁶ Warren Blanding, Customer Service Operations, American Management Association, U.S.A, 1991, p.141.

²⁷ Richard F.Gerson, Measuring Customer Satisfaction, Crisp Publications Inc.California, 1993 p.66

response in the wrong column or next to a different question. Here is an example of the telephone interview survey and response form: (Exhibit 2-4)²⁸

Exhibit 2-4

How satisfied were you with the service you received from the front desk staff?		
	Very Dissatisfied	1
	Somewhat Dissatisfied	2
	It was O.K.	3
	Somewhat Satisfied	4
	Very Satisfied	5

4- Train your Surveyors: This alone will make or break the telephone survey because if surveyors are not trained in how to communicate and administer the survey as well as record the responses, there will definitely be problems even though the survey is properly worded, the script is simple to follow, and the customer is ready to respond. Surveyors should be trained extensively until managers are assured that they are able to conduct a successful telephone survey with customers.

5- Thank the customer: Although this might seem a little ironic to be included in steps to make a telephone survey successful, saying 'Thank you' at the beginning when the customer agrees to the survey, saying 'Thank you' during the survey after every few questions, and saying 'Thank you' upon the completion of the survey will make the data collection easier, more effective, and give a more accurate picture of how the organization is satisfying customers. Customers will be more likely to give honest answers when they perceive that the company is caring about them.

²⁸ Ibid, p.66

2.4.4.2 *Questionnaires and Surveys*

The survey method is the most common customer satisfaction measurement technique. Surveys usually consist of several questions or statement along with associated responses that require people to answer according to some predefined scale. Some surveys allow people to answer in an open-ended manner, thereby describing their responses in greater detail. Both response methods are useful and provide excellent information about customer satisfaction levels.

There are numerous formats and layouts that can be used in surveys, the key is to keep the survey easy to understand and respond to. Also, the survey should not be too long in order for people not to lose interest. Questions that are easiest to answer should be at the beginning because this will give the customer a feeling of accomplishment and a sense of comfort with the survey. One of the keys to a successful survey is that the questions actually ask what they are supposed to be asking. Moreover, the most ingredient in constructing survey questions is to make sure that questions are simple and direct with only one thought or item per question. Then, enough questions should be asked on the survey to get all the information needed from your customer and to be able to determine his level of satisfaction with the products/services provided by the organization.²⁹

Since we want to measure customer satisfaction, we need "hard" data, and that comes from measurements. Therefore, responses should be scaled to each question and the same scale should be used whenever and wherever possible within the same survey. Here are the most widely used types of scale in customer satisfaction measurement:(Exhibit 2-5)³⁰.

²⁹ Ibid, pp.59-62

³⁰ Ibid, p.63

Exhibit 2-5

3 Point scale										
1	2	3								
Poor	Fair	Excellent								
4 Point scale (Used but not highly recommended)										
1	2	3	4							
Worse	Somewhat Better	Better	Much better							
5 Point Scale										
1	2	3	4	5						
Poor	Fair	Neutral	Good	Excellent						
(Well below Expectations)	(Below Expectations)	(Meets Expectations)	(Above Expectations)	(Far exceeds Expectations)						
7 Point Scale (also known as Likert-type scale)										
1	2	3	4	5	6	7				
Very Poor	Poor	Somewhat	Neutral	Somewhat	Good	Very Good				
(Dissatisfied)		Poor		Good		(Satisfied)				
10 Point Scale (Add a 0 Point to make it an 11 Point Scale)										
1	2	3	4	5	6	7	8	9	10	
Not At all									Extremely	
Important									Important	
100 (101) Point Scale										
0%									100%	
Complete Dissatisfaction					Complete Satisfaction					

2.4.5 Customer Comment Cards

Numerous marketers have used customer comment cards for many years. Inserted in their packages or handed directly to customers, such cards have offered an informal and unimposing channel of communication with customers. Unfortunately, often these cards are not part of any formal evaluation program. This is not so at the Red Lobster Restaurants.

This chain makes good use of comment cards at each of its restaurants. Frontline managers review the thousands of returned cards on a weekly basis to track the performance of their particular store.³¹

2.5 Management's Commitment to customer satisfaction

By achieving a critical mass of commitment at the top, the probability is that the rest of the organization will become committed. Top level commitment to customer satisfaction must be real (the top is not only the chief executive, but the 20-30 most senior executives in the organization).³² It must be visible. The commitment of the top team must be evident in the way they set their budgets and targets. It must be evident in the way they talk and in the communications they emit. It is critical that it is evident in the decision they make and the actions they take. The top team's commitment should come from the depths of their hearts as well as the remotest corners of their minds.³³ Top executives should be seen out and about, demonstrating their commitment to customers and to the staff serving them. They should set an example by frequently talking and listening to customers and employees, they should be seen supporting customer initiatives throughout the organization. They should be seen praising customer service achievements and recognizing the contribution of those that improve service. Top executives need to express their commitment to customer service with clearly articulated visions and strategies for it together with well-developed corporate standards which are striven for throughout the organization and monitored frequently. It's overriding commitment to customer service and satisfaction that will make all the difference in achieving incredibly good customer service and satisfaction for the organization.

³¹ G.Dixon, Keep them Satisfied, Marketing News, Jan 2, 1989, p.1,14.

³² David Freemantle, Incredible Customer Service, McGraw-Hill Book Co. England, 1993, p.66

³³ Ibid, p.67

2.6 Satisfying the employees as well as the customers

It makes no sense to promise excellent service before the company's staff is ready to provide excellent service. Superior customer service and quality performance that result in customer satisfaction and retention can only be provided by competent qualified people. Just as partnering with customers helps create customer satisfaction, so too will management's partnering with its employees help create a more satisfied workforce.

Managers should encourage employees to participate in the management and conduct of the business since they can provide valuable perspectives on what customers value and how easily the employees believe that they can meet their customers' needs. There are companies in which customer service reps are now asked to write product instructions because through their interactions with customers they have a better understanding of how customers interact with products and services, and are also familiar with customer's language.³⁴

Employees should be empowered to make decisions and do the right thing to satisfy customers. The staff should not have to look for the manager everytime a customer asks a question, has a return or a complaint or just needs a problem solved. If people should be placed in customer contact positions, they should be given the authority that goes with this tremendous responsibility. They must be able to do whatever it takes to satisfy the customer.³⁵

Moreover, employees should be trained extensively to provide superior customer service and to do things right the first time. Any employee who may ultimately interact with a customer should be taught the following:

- About the products or services the organization makes and sells.
- The types of customers the organization has.
- How customers use the organization's product/service.

³⁴ Keep Them Happy, CSI Report, Customer Service Institute, December 1989, no.5, pp 1-2

³⁵ Terry G. Vavra, Aftermarketing , how to keep customers for life through relationship marketing, p.243

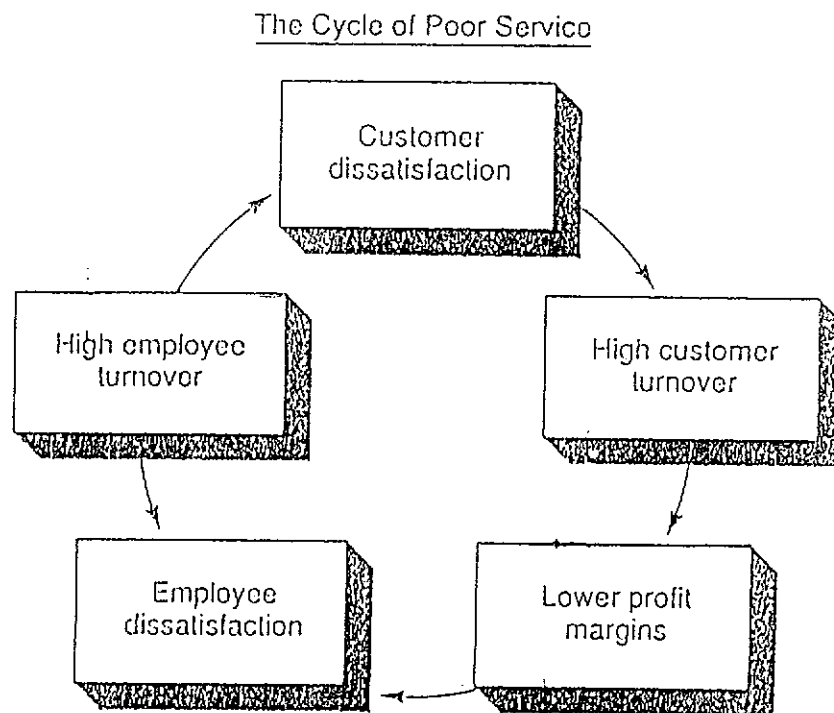
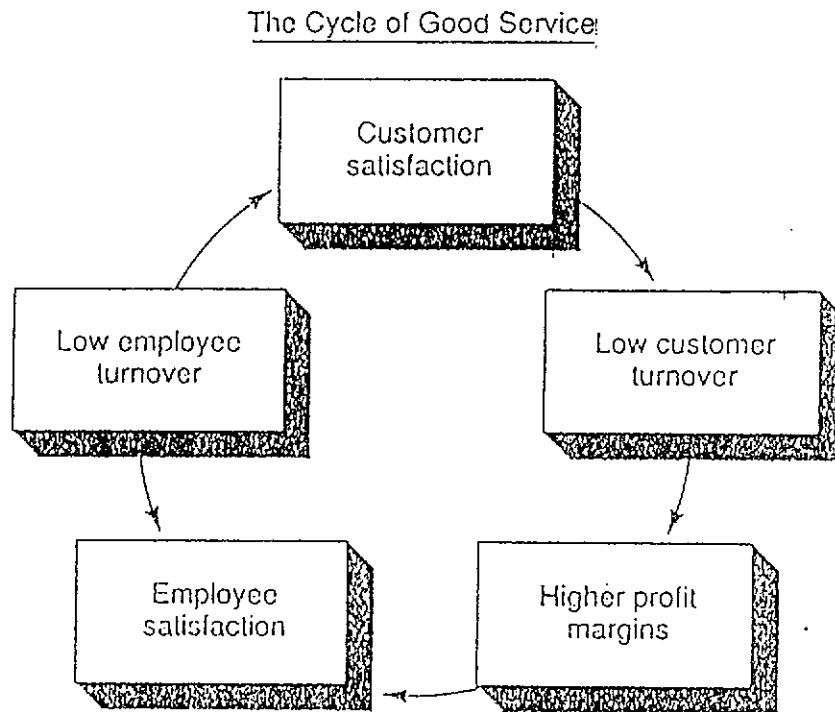
Training enables employees to sit back and take an in-depth look at their existing skills, attitudes, practices and overall approach in contributing towards achieving incredible service. It enables people to come up with new ideas, provide feedback and learn from each other. While there is no magic formula to be taught, customer service training does enable people to 'regenerate' their belief in providing exceptional service to their customers, as well as restore their motivation for doing so. Training gives people confidence in the company's real commitment to achieving incredible customer service and confidence in themselves towards achieving it.³⁶ Once training is fulfilled, compensation should take place. Deciding upon a reward is a creative opportunity for a manager to demonstrate appreciation in a unique way. The reward process will be an expression of the manager's personality and effectively be a token of his or her recognition of a team member's achievement. Each manager has to decide his or her style of rewarding in relation to the team and the type of achievement without waiting for the company to adopt a formalized approach for rewards. The best managers just get off their backsides and reward their people in the most appropriate way they know instinctively the importance of doing it. The reward is a reflection of the value that managers place on customer service and employee's contribution to it.³⁷ There is mounting evidence that satisfied employees (who remain longer at a company) create better satisfied customers. Exhibit 2-6 shows the cycle of good customer service. This cycle is doubly good news; higher employee retention (when good employees are becoming increasingly difficult to find), and higher customer retention, thereby, increasing customer lifetime value.

As a conclusion for this chapter, it should be known by now that the company that will survive and flourish over the long term is the one that continually works to understand the relationship between satisfaction and loyalty for each of its customers, for each of its business units, and for each of

³⁶ David freemantle, Incredible Customer Service, p.112

³⁷ Ibid, pp.116 -118

Exhibit 2-6
The cycle of good service



the industries in which it competes, Horst Schulze, President of the Ritz-Carlton Hotel company, the 1992 winner of the Malcolm Baldrige National Quality Award, put it the best: "Unless you have 100% customer satisfaction- and I don't mean that they are just satisfied, I mean that they are excited about what you are doing-you have to improve", he said, "And if you have 100% customer satisfaction, you have to make sure that you listen just in case they change... so you can change with them."³⁸

Finally, it is important at this point to provide some cases of companies who have successfully implemented customer satisfaction measurement techniques as an evidence on what has been discussed previously. Moreover, some samples of customer satisfaction questionnaires and surveys are presented in order to serve as a guide for those who are interested in the application of customer satisfaction measurement techniques in their business. Two cases of companies will be discussed followed by four types of customer surveys. These are as follows:

Case 1- Marriott Hotels

Case 2- Bank Of Scotland

Customer Surveys: 1- Aftermarketing working: A lost customer questionnaire
2- Aftermarketing working: A bank's win-back program
3- Bank customer satisfaction survey
4- Customer satisfaction survey

³⁸ Thomas O. Jones and W. Earl Sasser, Why satisfied customers defect, Harvard Business Review, Nov-Dec 1995, p.99.

Case I: Marriott Hotels

Marriott has established itself as intensely committed to the measurement of its customer's satisfaction with its hotels and resorts. Satisfaction during a guest's stay is monitored by means of an in-room Help Ideas Card. These suggestion cards are strategically placed near the television or telephone in each room to maximize visibility to guests. The card invites the guest to register problems or ideas he or she may have with the room and its appointments and is usually returned to the front desk, but may also be returned to the hotel by the business reply mail. All returned cards are reviewed by the local guest services manager. When problems are identified, the appropriate department head within the hotel will be contacted to take corrective action. Each current guest raising a problem or concern will be personally contacted by the guest services manager to resolve the issue and to show that the hotel has read and has acted on the problem. Satisfaction after the stay is measured both through an on-site-express checkout Guest Comment Card and by a telephone satisfaction interview later. The Guest Comment Card is distributed to each guest's room on the last night of his or her stay. It invites departing guests to voice satisfactions and any problems experienced during their stay in a Marriott property. Moreover, a sample of guests is also randomly drawn. Each guest selected will be interviewed. All completed questionnaires are analyzed at the corporate level with each hotel's standings posted on a three-month rolling average basis. On the basis of these scores, the Marriott hotels are ranked nationally and regionally. Poor performers will be visited by the regional general manager and an executive team. Guests who express dissatisfaction in the survey are identified to the hotel's guest services manager, who will personally contact them. A unique aspect of the contact is the way the problem will be resolved. The guest will choose the resolution he or she desires. In this way, Marriott maximizes the ultimate satisfaction of each problem.

Adapted from: Terry G. Vavra, Aftermarketing: How to keep customers for life through relationship marketing, p.145

Case II: Bank of Scotland

The Bank of Scotland's approach to its customers is based on a number of key strategic aims. These focus on professionalism, consistency, innovation and excellent customer relations.

Bank of Scotland people know what they are talking about, know what they are doing and work to the highest standards. They get things done. To quote one director: "It's sheer bloody professionalism that differentiates us from other banks". In fact, in 1989, a survey in the Economist resulted in the Bank of Scotland being voted 'The most admired bank' by its banking peer group.

Professionalism also means responding quickly and effectively to customer needs. Consistency is coupled with professionalism in that the Bank of Scotland wants its customers to feel it can always be relied upon to provide fast, effective and friendly service. Developing excellent relationships with customers is also high priority for the Bank of Scotland. Personalized letters and personal contact are given great emphasis. Managers aim to get out and about, to know their customers, to really understand their problems and know how their companies work. The overall aim is to treat customers like human beings, rather than a series of account numbers.

There is also a significant investment in training at all levels, during which the importance of customer service is continually stressed and reinforced. The top team works very closely together and, overall, a high degree of trust and understanding is developed throughout the organization. Lines of communication are short which facilitate a quick, effective response to customers and a higher quality of decision making. As a result, there is a lot of enthusiasm everywhere for doing business, work is seen to be fun. People throughout the Bank of Scotland care about customer service because they know directly that the senior team really cares too.

Perhaps that's why the Bank of Scotland's slogan is 'A friend for life'.

Adapted from: David Freemantle, Incredible Customer Service, p.90

**Aftermarketing Working
A lost Customer Questionnaire**

Sample Cover Letter

Dear Customer:

We pride ourselves in maintaining a good relationship with our customers. We hope they will always buy from us. But if something goes wrong, we also hope that they'll tell us and allow us to set the problem right.

We are concerned because your account with us has been inactive for the last three months.

So that we can understand your present inactivity with us and possibly correct the problems you may have experienced, will you take a few minutes to answer the enclosed questionnaire? Your answers will be completely confidential and will help us to improve the quality of our service.

When you have completed the questionnaire, simply place it in the envelope we have provided. No postage is required.

Thank you for your assistance. We value your business and hope we may serve you again in the future.

Sincerely,

President

Cont'd

Lost Customer Questionnaire

1. Please indicate the reason or reasons you have stopped ordering from us

(Check as many as apply):

- ☐ Moved away from the (city name) area
- ☐ Your parts are no longer needed
- ☐ Your company made errors on my account
- ☐ Your service was slow or inefficient
- ☐ Your personnel were discourteous or unfriendly
- ☐ Another (city name) area company is more convenient
- ☐ Account at another company meets my needs better
- ☐ Other (Specify) _____

2. Where are you currently buying your supplies? (Please check only one)

- ☐ (Major competitor's name)
- ☐ a (city name) company
- ☐ Other (specify) _____
- ☐ Did not replace account

3. Which of our branches did you use most often? _____

4. Please check the statement that best describes you:

- ☐ I give most of my orders to one supplier
(which one?: _____)
- ☐ I give my orders to several suppliers
- ☐ I no longer have need for the products you sell
(Why is that?: _____)

5. How would you rate (company) in each of the following areas?

	Excellent	Average	Poor
Courteous and friendly personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledgeable personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prompt service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accurate statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsiveness to my needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Please indicate your age group:

☐ Under 25 ☐ 25-29 ☐ 30-44 ☐ 45-54 ☐ 55-64 ☐ 65+

7. Please indicate your annual household income category:

☐ Under \$15,000 ☐ \$15,000-24,999 ☐ \$25,000-34,999
☐ \$35,000-49,999 ☐ \$50,000 or more

In what ways do you feel we could improve our products or services for our customers? _____

Thank you for your help,

President

Adapted from: Terry G. Vavra, Aftermarketing: How to keep customers for life through relationship marketing, pp 212-213

**Aftermarketing Working
A Bank's Win-Back Program**

Depositors yanked millions of dollars out of Maryland National Bank in 1990, and the state's largest bank wants the money back.

A personalized letter from company chairman Alfred Lerner has kicked off a campaign directed at hundreds of customers who drew down their accounts after the bank was hit with massive losses in 1990. In the letter, Maryland indicates its intention to lower some deposit minimums and offers special rates to get those customers to bring their business back to the bank.

'The offer you are about to receive comes with my personal thanks for your past business and for your part in making Maryland National strong' Lerner says in the letter.

A follow-up mailing from branch managers offers customers a penalty-free certificate of deposit "when you bring us \$10,000 or more from another financial institution." The certificate will pay out 6.88 percent interest, up from the 6.53 rate currently advertised.

The direct-mail offer is part of a campaign that includes increased advertising and incentives designed to pull business and retail customers back into the bank's branches, an observer said.

Adapted from: J.P.Pierpoint "MNC" Woos back Jittery Customers", Baltimore Business Journal, April 8, 1991, p.18

Bank Customer Satisfaction Survey

Please give us your comments.....

Date of Visit _____ Time of Visit _____ Branch Visited _____

These comments pertain to (Please check one service provider):

_____ Inside Teller _____ Drive-in Teller _____ Branch Manager

_____ Consumer Lender _____ Customer Service Representative

_____ Mortgage Lender _____ General Comments

1. Please tell us how satisfied you were with the following:

	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	Very Dissatisfied
a. Courtesy/Personal attention	5	4	3	2	1
b. Time spent waiting for service	5	4	3	2	1
c. Knowledge level of employees	5	4	3	2	1
d. Number of services provided	5	4	3	2	1
e. Accuracy	5	4	3	2	1
f. Appearance of branch	5	4	3	2	1

2. If you received particularly good service, or particularly poor service, we would like to know. Please write your comments below.

3. What suggestions can you make for us to improve our service to you?

4. Would you like us to contact you? If so, please fill in the information below

Name: _____ Telephone: _____ Best Time to call: _____

Thank you for your time and assistance

Adapted from: Richard F. Gerson, Measuring Customer Satisfaction, p.97

Customer Satisfaction Survey

We are interested in finding out how satisfied you are with the services and treatment you received. Please respond to each statement by placing the number of the appropriate response in the blank space next to the statement.

1	2	3	4	5
<i>Extremely</i>	<i>Slightly</i>	<i>Neither</i>	<i>Slightly</i>	<i>Extremely</i>
		<i>Satisfied nor</i>		
<i>Dissatisfied</i>	<i>Dissatisfied</i>	<i>Dissatisfied</i>	<i>Satisfied</i>	<i>Satisfied</i>

How satisfied are you with:

- _____ 1. The location of the office (store).
- _____ 2. The parking around the office (store) .
- _____ 3. The scheduled office (store) hours.
- _____ 4. The office (store) atmosphere and decor.
- _____ 5. The telephone manners of the staff.
- _____ 6. The treatment you receive from the staff.
- _____ 7. The treatment you receive from the service provider.
- _____ 8. The prices for the services.
- _____ 9. The payment methods and terms.
- _____ 10. The quality of the services.
- _____ 11. The qualifications of the service provider.
- _____ 12. The manner in which your complaints are handled.
- _____ 13. The manner in which your questions are answered.
- _____ 14. The professionalism of the staff.
- _____ 15. The marketing and advertising programs of the service provider.

Adapted from: Richard F.Gerson, Measuring Customer Satisfaction,p. 112

CHAPTER III

RESEARCH STRUCTURE AND METHODOLOGY

3.1 The Basic Research

As mentioned in Chapter I, the research attempts to study and analyze management's assessment of customer satisfaction measurement in the Lebanese banking sector. It also intends to see the techniques or tools applied in the measurement and tracking process. The research aims to test the following hypothesis:

- 1- Measuring customer satisfaction is well implemented in Lebanese banks*
- 2- Application of customer satisfaction measurement techniques is likely to be associated to factors such as: Management's skills, capabilities and awareness of the effects of customer satisfaction, role of employees in determining and measuring customer satisfaction, the cost of measurement techniques, banks'customers and the increasing rate of lost customers.*

The banking sector was chosen because it is one of the important sectors in the economy that faces high competition from other financial institutions. Moreover, the banking industry depends on loyal customers and the likelihood of their repurchasing or continuing to use a product or service that does not satisfy a need is low. Customers talk to each other and in so doing, provide one of the most powerful source of product or service promotion. When this information is positive, it can be extremely influential in developing new customers and clients, but when it is negative, it becomes a potent dissuasive force.

Furthermore, the study attempts to examine and analyze the various factors that can influence the manager's decision to use customer satisfaction measurement techniques previously described in chapter II.

3.2 Source of Information

To achieve the purpose of the study, a survey covering 15 major Lebanese banks was conducted. The banks were chosen based on their ranking position in terms of total assets, net liquid assets, and customers' deposits. Thus they do possess the resources needed to invest in the implementation of customer satisfaction measurement techniques in their banks¹. The survey sample covered managers and customers. Questionnaires were used to fulfill the purpose of the research along with interviews conducted with managers concerning subject in analysis.

3.3 Design of the survey

The questionnaires and interviews were used to collect information from managers who are mainly involved with customers in the daily banking transactions and in the decision making process, and from customers who constitute the assets of any business and can provide valuable information on the banking performance concerning issues such as fulfillment of customers' needs and proper handling of their complaints.

The manager's questionnaire was mainly developed to study their assessment of customer satisfaction measurement process. This questionnaire included: 9 questions concerning demographic and personal information, 9 questions on management's awareness of the effects of customer satisfaction on the organization, 10 questions on management's attitudes towards the role of employees in tracking customer satisfaction, 16 questions on the techniques

¹ Bilanbanques 1995, Ed.Freddie C.Baz, Bankdata Financial Services Wll, 13 ed.,1995

used in the bank for tracking and measuring customer satisfaction, and the last section of this questionnaire includes 10 factors which do influence management's decision to apply customer satisfaction measurement techniques. (See Appendix A for more detailed information on this questionnaire).

As for the customer's questionnaire which was designed to test the reliability of answers received to those of managers and to provide information on the banking performance, this includes 8 questions on demographic information, 10 questions on customers' attitudes towards customer satisfaction measurement techniques in the bank, and the last section includes 6 questions on customers' attitudes towards the banking performance involving factors such as management's assistance for customers, employee's cooperation with customers, ability to meet customers' needs, ability to manage complaints effectively, promptness in service performed and ability to solve customer problems. (See Appendix B for more detailed information on this questionnaire).

Besides the questionnaires, interviews with managers of the chosen banks were conducted to see the system that they do apply in measuring customer satisfaction and that helps them in determining whether their customers are satisfied or not with the banking services provided. In other words, managers might use measurement techniques other than those described in chapter II, therefore, to evaluate their assessment of customer satisfaction, it is necessary for the study to know what tracking system is being used in their banks.

100 questionnaires were distributed to managers of which 75 were collected (the response rate is 75 percent) and 150 questionnaires were collected from customers after explaining the purpose of the research and clarifying the questions if needed.

3.4 Research variables

3.4.1 Demographic and personal data

The manager's questionnaire in this section includes questions related to the position in the bank, years of experience and previous experience if any, level of education achieved, age, sex, number of branches of the bank, number of employees and number of subordinates reporting to managers.

3.4.2 Management's awareness of the effects of customer satisfaction on the organization

This section is concerned with having an idea about management's awareness of the effects of customer satisfaction on the organization because the more managers are aware of the positive influences of customer satisfaction on the service operations, the more they will be committed to the achievement of customer loyalty and consequently, they will think of applying customer satisfaction measurement techniques to fulfill this purpose.

The section involves questions related to the effects of customer satisfaction on the firm's assets and future profitability, reputation of the firm, continuous future cash flow, awareness of the requirements of a good service, the cost of losing customers, etc,.....

The five point Likert-type scale was used to answer the questions ranging from (1) strongly disagree to (5) strongly agree.

3.4.3 Management's attitudes towards the role of employees in tracking customer satisfaction

This section attempts to see whether managers are concerned in satisfying their employees since as described in chapter II, the satisfaction of

customers is difficult to achieve without the satisfaction of employees. The more managers are aware of the role that employees play in determining the customer's level of satisfaction and providing information about customers' needs and expectations, the more likely they will be successful in implementing customer satisfaction measurement program in their banks. Employees constitute an integrated part of that program and its success is highly dependent on their satisfaction.

Through 10 questions included in this section, managers are asked to give their opinions about whether they do encourage employees to suggest ways to determine customer's level of satisfaction, participate in the conduct of the business, communicate the needs of customers to their staff, encourage teamwork to create a satisfied workforce, perform training programs on how to deal with customers, talk to employees about the importance of keeping customers satisfied. Also the response options in this scale range from (1) strongly disagree to (5) strongly agree.

3.4.4 Techniques used for tracking and measuring customer satisfaction

This section tests the applicability of customer satisfaction measurement techniques in the Lebanese banks since this is mainly the reason for conducting this research. The more managers are implementing these techniques, the more likely that they will pertain their customers since by tracking customer satisfaction, managers will assess the opinions of customers about banking services and they will get valuable information about their needs and expectations. The questions are related to the application of comment cards, questionnaires, telephone calls, mystery shopping, exit interviews, special department for handling and managing complaints. Moreover, managers are requested to give their opinions about the importance of measuring customer satisfaction as a main function in any organization, the importance of customer

satisfaction programs to assess the opinions of customers and to meet their needs and expectations. (The yes-no statements are used as a measurement scale for these type of questions).

3.4.5 Factors influencing the decision to use customer satisfaction measurement techniques

In this section, factors that can affect the decision to apply customer satisfaction measurement techniques in the bank are considered. Many managers do not want to use any of formal feedback on customer satisfaction because of the cost of these techniques, non readiness of employees to participate in the application of these techniques, non cooperation from the part of their customers, etc.... The factors involved in this section are: Management skills and capabilities, employee's participation and cooperation, cost of implementing such techniques, the use of customer satisfaction measurement techniques by other banks, management's concern for customer satisfaction, banks' customers, the increasing rate of lost customers, the budget allocated for these techniques, banking facilities such as computers to build in customer files, departments available for handling and managing complaints, telephone lines for receiving customers' suggestions and complaints,..... The tenth factor is left to managers to record any factor that they might think can exercise an effect on the decision to implement customer satisfaction programs in the banking sector.

3.5 Analysis of data

The responses provided by managers and customers will be analyzed using the SPSS facilities (Statistical Package For Social Sciences), relation between variables is determined through the use of frequency tables, correlation analysis, crosstabulations. Moreover, the analysis involves building

regression equations that explain the variations in managers' attitudes and determine the most likely associated factors with these variations based on the results obtained from the survey conducted.

CHAPTER IV

STUDY FINDINGS AND ANALYSIS

4.1 Overview

Having illustrated in chapter II the costs of losing customers and the effects of customer satisfaction on the whole organization, it should be clear by now that managers should be committed to satisfy their customers. However, they can only know how well they are satisfying customers if they measure their satisfaction level.

Measurement along with good customer service management and employee's participation in the process must be an integrated part of the overall system of the organization. The measurement process shows managers how well they are managing customer service functions, and it also guides them in their marketing efforts.

Measuring customer satisfaction is the final test for the success of any business. Companies can get everything right in terms of product, price, and marketing, but unless they complete the process with good customer service and effective measurement of customer satisfaction, they run the risk of going out of business.

Moreover, it was mentioned previously that the costs of attracting new customers are much more higher than the costs of keeping them. Therefore, to avoid the additional costs incurred to attract new customers to the business in replacement of defecting ones, companies must invite an open dialogue with customers in order to gain information about their needs and expectations, their complaints and suggestions, the performance of the whole operations in terms of quality of service, pricing system, employee's cooperation, etc... These valuable information can give managers an edge over their competitors since they will be used in the improvement of service operations and measurement of customer satisfaction. Gaining information from customers can be achieved by

the application of measurement techniques which were described previously in chapter II and are used by many companies to detect any problems in the organizational performance as a whole.

As mentioned in chapter I , the main purpose of the research is to study and analyze management's assessment of customer satisfaction measurement techniques in major Lebanese banks and the various factors associated with it. The hypotheses to be tested were listed as follows:

1- Measuring customer satisfaction is well implemented in Lebanese banks

2- Application of customer satisfaction measurement techniques is likely to be associated to factors such as: Managements'skills, capabilities and awareness of the effects of customer satisfaction, role of employees in determining and measuring customer satisfaction, the cost of measurement techniques, banks'customers and the increasing rate of lost customers.

This chapter will test these hypothesis in accordance with the results obtained and the research findings.

4.2 Profile of Respondents

As mentioned in chapter III , the response rate for the survey conducted with managers constituted 75 percent of a sample which covered 100 questionnaires distributed to the managers of the banks.

The managers surveyed belong to different levels of the organizational hierarchy such as supervisors, assistant managers, managers of certain departments, directors or others. These managers are mainly involved in the decision making process and are knowledgeable about their banking strategies and policies. The percentages of this variable were as follows:17.3% are

supervisors, 18.7% are assistant managers, 36% are managers, 18.7% are directors and 9.3% occupy different positions such as controllers , deputy directors,... As for their educational level, 41.3% of these managers hold a B.A.-B.S. degree, 29.3% have an M.S.degree, 6.7% hold a PH.D.,2.7% completed high school or less and 20% hold different degrees.

The profile of respondents is detailed in Table 4.1 which illustrates the characteristics mentioned above along with other ones.

Table 4.1: Profile of respondents

Variable	Value	Range	Percentage(%)
Position	1	Supervisor	17.3
	2	Assistant manager	18.7
	3	Manager	36.0
	4	Director	18.7
	5	Others	9.3
	Mean=2.84	Median=3	Mode=3
Job experience	1	less than 6 months	1.3
	2	6 months-2 years	1.3
	3	2 years-4 years	8.0
	4	4 years-6 years	16.0
	5	more than 6 years	73.3
	Mean=4.747	Median=5	Mode=5
Previous experience	1	less than 6 months	56
	2	6 months-2 years	5.3
	3	2 years-4 years	10.7
	4	4 years-6 years	9.3
	5	more than 6 years	18.7
	Mean= 2.293	Median=1	Mode=1
Educational level	1	High school or less	2.7
	2	B.A-B.S.	41.3
	3	M.S.	29.3
	4	PH.D	6.7
	5	Others	20
	Mean=3	Median=3	Mode=2
Age	1	18-25	0
	2	26-35	28.0
	3	36-45	37.3
	4	46-60	30.7
	5	more than 60 years	4.0
	Mean=42.6 yrs	Median=41.3 yrs	Mode=38.7 yrs
Gender	1	Male	64
	0	Female	36
	Mean=0.64	Median=1	Mode=1
Number of Branches	Mean=19.467 branches	Median=19 branches	Mode=19 branches
Number of employees	Mean=488.907 employees	Median=500 employees	Mode=500 employees
Number of subordinates	Mean=12.08 subordinates	Median=10 subordinates	Mode=10 subordinates

4.3 Relationship between management's awareness of the effects of customer satisfaction on the organization (MAECSOR) and their attitudes towards the role of employees in tracking customer satisfaction (MARETCS)

An overriding commitment to customer satisfaction from the management of the organization along with complete awareness of its effects on the business operations is widely believed to maintain customer's satisfaction and loyalty. When managers attempt to improve customer service, implement customers' recommendations, handle complaints effectively, customers will perceive this as a positive attitude and will feel that the organization is really caring about them. The result is that they will do more business which leads to more satisfied customers, a happier staff and high profits. However, management's commitment to customer satisfaction is directly related to their attitudes of the role of employees in tracking customer satisfaction since employees can provide valuable information about customers' needs and expectations. Therefore, to satisfy customers, managers need to satisfy also their employees. To support this relationship, a Chi-Square analysis was conducted to measure the variability of these two factors. The results were not at all surprising. A high significance was reported among these two variables. At a significance level of 0.05, the significance came to be 0.000 which implies that the two variables are not independent of each other. The results of the analysis are shown on Table 4.2.

Table 4.2: Crosstabulation of MAECSOR and MARETCS

Crosstabulation: MAECSOR by MARETCS						
MARETCS-- MAECSOR	Count Col Pct	4.60	4.70	4.80	4.90	Row Total
					1 33.3	1 1.3
4.89						
				1 25.0		3 4.0
5.00						
	Column	3	1	4	3	75
	Total	4.0	1.3	5.3	4.0	100
<hr/>						
<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F<5</u>		
649.06	483	0.0000	0.013	528 of 528 (100.0%)		

An evidence on this significant variability between MAECSOR and MARETCS can be shown through the correlation analysis conducted in Table 4.3

Table 4.3: Correlation Analysis between MAECSOR and MARETCS

Correlations:	MAECSOR	MARETCS
MAECSOR	1.0000 (75) p= .	0.5303 (75) p= 0.000
MARETCS	0.5303 (75) p= 0.000	1.0000 (75) p= .

A "." implies that no coefficient can be computed

As illustrated in Table 4.3 , a high correlation exists between MAECSOR and MARETCS indicating that the higher the manager's awareness of the effect of customer satisfaction , the higher the value he/she will attribute to the role of

employees in participating in the tracking and measurement process of customer satisfaction.

4.3.1 Relationship between MAECSOR and the importance of customer satisfaction measurement techniques

There is no argument about the positive relationship between the awareness of the effects of customer satisfaction and the important role that customer satisfaction measurement techniques play in achieving excellent customer service. The more managers believe that customer satisfaction enhances the overall reputation of the firm, decreases acquisition costs and gives an edge over competitors, and the more they are aware of the requirements of a good service, the more they will find the role of customer satisfaction programs important. An evidence on this is to provide a correlation analysis between the two variables to test their effect on each other. The tables below illustrate the relationships.

Table 4.4: Relationship between MAECSOR and MSCS

Correlations:	MAECSOR	MSCS*
MAECSOR	1.0000 (75) p= .	0.4252 (75) p= 0.000
MSCS	0.4252 (75) p= 0.000	1.0000 (75) p= .

*MSCS: Measuring customer satisfaction is one of the main functions in any organization

Table 4.5: Relationship between MAECSOR and CSMPACO

Correlations:	MAECSOR	CSMPACO*
MAECSOR	1.0000 (75) p= .	0.6118 (75) p= 0.000
CSMPACO	0.6118 (75) p= 0.000	1.0000 (75) p= .

* CSMPACO: Customer satisfaction measurement programs are essential to assess the opinions of customers

Table 4.6: Relationship between MAECSOR and SMPUCNE

Correlations:	MAECSOR	SMPUCNE*
MAECSOR	1.0000 (75) p= .	0.6094 (75) p= 0.000
SMPUCNE	0.6094 (75) p= 0.000	1.0000 (75) p= .

*SMPUCNE: Satisfaction measurement programs provide an understanding of customers' needs and expectations

Table 4.7: Relationship between MAECSOR and ICSEGE

Correlations:	MAECSOR	ICSEGE*
MAECSOR	1.0000 (75) p= .	0.5287 (75) p= 0.000
ICSEGE	0.5287 (75) p= 0.000	1.0000 (75) p= .

*ICSEGE: Increasing customer satisfaction gives an edge over competitors

Table 4.8: Relationship between MAECSOR and HCCICSL

Correlations:	MAECSOR	HCCICSL*
MAECSOR	1.0000 (75) p= .	0.3277 (75) p= 0.002
HCCICSL	0.3277 (75) p= 0.002	1.0000 (75) p= .

* HCCICSL: Handling customer complaints increases customer satisfaction and loyalty

Table 4.9: Relationship between MAECSOR and MSGIQS

Correlations:	MAECSOR	MSGIQS*
MAECSOR	1.0000 (75) p= .	0.3897 (75) p= 0.000
MSGIQS	0.3897 (75) p= 0.000	1.0000 (75) p= .

*MSGIQS: Mystery shopping improves the quality of the service and maintains customer relationships

Table 4.10: Relationship between MAECSOR and NLCIF

Correlations:	MAECSOR	NLCIF*
MAECSOR	1.0000 (75) p= .	0.5356 (75) p= 0.000
NLCIF	0.5356 (75) p= 0.000	1.0000 (75) p= .

* NLCIF: The increasing number of lost customers indicates that the company is failing to satisfy its customers

Table 4.11: Relationship between MAECSOR and TCSBWT

Correlations:	MAECSOR	TCSBWT*
MAECSOR	1.0000 (75) $p=.$	0.0338 (75) $p=0.387$
TCSBWT	0.0338 (75) $p=0.387$	1.0000 (75) $p=.$

*TCSBWT: Talking to departing customers is a waste of time

The results shown in the previous table help in deducing that the more the managers are aware of the effects of customer satisfaction on the organization, the more they will have positive attitudes towards the followings:

- Measuring customer satisfaction should be one of the main functions in any organization ($p=0.000$ in Table 4.4)
- Customer satisfaction measurement programs are essential to assess the opinions of all customers ($p=0.000$ in Table 4.5)
- Satisfaction measurement programs provide an understanding of customer's needs and expectations ($p=0.000$ in Table 4.6)
- Increasing customer satisfaction can give managers an edge over their competitors ($p=0.000$ in Table 4.7)
- Handling customers' complaints effectively increases customer satisfaction and loyalty ($p=0.002$ in Table 4.8)
- Mystery shopping improves the quality of the service and better maintains customer relationships ($p=0.000$ in Table 4.9)
- The number of lost customers, if it is increasing, clearly indicates that the company is failing to satisfy its customers ($p=0.000$ in Table 4.10)
- No correlation exists between MAECSOR and TCSBWT implying that managers should not necessarily consider talking to customers who stopped buying services a non waste of time even if they are aware of the effect of customer satisfaction on the organization.

To support these ideas, a frequency table showing the percentages of agreement concerning the questions related to the importance of customer satisfaction measurement techniques is presented below:

Table 4.12: Frequency distribution summary about the importance of customer satisfaction

<u>Variable</u>	<u>Percentage of agreement (%)</u>
MSCS	84.0
CSMPACO	82.7
SMPUCNE	85.3
ICSEGE	86.7
HCCICSL	93.3
MSGIQS	58.7
NLCIF	86.7
TCSBWT	21.3

As listed in the table, the majority of managers agreed that customer satisfaction and the application of satisfaction measurement techniques are essential in any organization. Moreover, 21.3% disagreed with the fact stating that talking to customers who stopped doing business with a company is a waste of time and has no significant value .

4.3.2 Relationship between MAECSOR and the techniques used for tracking and measuring customer satisfaction

Although managers were aware of the importance of measuring customer satisfaction and the effective role of good satisfaction measurement programs, few of them reported application of formal techniques in their banks. The reason behind this contradiction will be explained when regression analysis is conducted and when interviews with managers concerning the application of measurement techniques are analyzed.

Table 4.13 presents the percentages of disagreement concerning the application of customer satisfaction measurement techniques in their banks.

4.13: Frequency distribution summary related to the application of measurement techniques

<u>Variable</u>	<u>Disagreement percentage(%)</u>
DEPTHMCC	90.7
COMCRDS	82.7
SQUEST	65.3
TELCALLS	88.0
MYSSHOPG	100.0
CCSDB	41.3

Most managers reported non application of comment cards, questionnaires, telephone surveys, mystery shoppers and departments for handling and managing customer complaints whereas 58.7% contact customers who stopped buying the banking services although talking to departing customers does not take the form of an exit interview and is applicable on the most important customers of the bank as reported by managers who were interviewed when conducting the survey.

4.3.3 Relationship between MAECSOR and the various factors that influence the decision to apply customer satisfaction measurement techniques

In the attempt to test the relationship between management's awareness of the effects of customer satisfaction (MAECSOR) and the nine factors described in the last section of the questionnaire, a correlation analysis was conducted and its results are presented in the table below:

Table 4.14: Correlation Analysis between MAECSOR and various factors

Correlations:	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Factor7	Factor8	Factor9
MAECSOR	-0.1953	-0.2246	0.2810	-0.3786	-0.2768	-0.2675	-0.1040	-0.2637	-0.441
	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)
	P=0.047	P=0.026	P=0.007	P=0.000	P=0.008	P=0.010	P=0.187	P=0.011	P=0.000

The interpretation of the results is as follows:

- A correlation exists between (MAECSOR) and the effects of management skills and capabilities on the decision to implement customer satisfaction measurement techniques. However, the correlation coefficient is negative (-0.1953) indicating that the more the managers are aware of the effects of customer satisfaction, the higher the skills needed to implement customer satisfaction programs. Thus, when managers feel that they are able to handle a customer satisfaction program effectively, they won't resist the application of measurement techniques in the banks. Why should a company bother itself in conducting exit interviews or mailing questionnaires for example if managers are not capable of interpreting and analyzing the results based on the standards of performance they have set.
- MAECSOR and the effect of employee's participation and cooperation in the application of measurement techniques are also negatively correlated. This implies that when a company realizes the importance of satisfying customers, they will hire people and train them on how to deal with customers since they can provide information about what customers need and expect from an organization. Thus, when deciding to implement customer satisfaction measurement techniques, the employees won't exercise a strong effect since they are well prepared to participate in the measurement and tracking the satisfaction of the customers.
- There is no argument about MAECSOR and the effect of the cost of implementing measurement techniques being positively related. The logic behind this is that the higher the manager's awareness of the effects of

customer satisfaction, the higher the need for the application of techniques that track customers' opinions about organizational performance and the higher the costs associated with these techniques. When considering the costs of mail questionnaires, mystery shoppers, telephone surveys, exit interviews, ... the company can decide to use one of these techniques or none of them according to the resources available.

- A correlation exists between MAECSOR and the effect of the use of satisfaction measurement techniques by other banks. A negative correlation coefficient indicates that many managers who are aware of the effect of customer satisfaction and are aiming at surviving in the long run will take their decision to use customer satisfaction measurement techniques without allowing competition to affect their decision. Thus, the effect of competition will be less when a company decides to track customers' needs, improve its performance, achieve customer loyalty and consequently increase its profits and market share.
- MAECSOR and the effect of management's concern for customer satisfaction are negatively correlated (correlation coefficient = -0.2768). The reasoning is quite simple, managers who are aware of customer satisfaction will show positive attitudes towards achieving customer satisfaction in their organization. Consequently, they will not refuse to establish and participate in a customer satisfaction measurement program.
- The higher the management's awareness of the effects of customer satisfaction, the less would be the effect of bank's customers on the decision to use customer satisfaction measurement techniques. (correlation coefficient = -0.2675). The more managers are aware of customer satisfaction, the more they ought to know their customers and understand their needs. Thus, a good knowledge about customers can help managers in deciding about the best appropriate techniques that should be used when measuring their satisfaction. There is no doubt about customer's readiness to participate in the measurement process and to show high cooperation when

the technique used is easy to understand. Most customers will not refuse to cooperate when they realize that the measurement techniques aim at the fulfillment of their needs and the increase of their satisfaction.

- No correlation exists between MAECSOR and the effect of the increasing rate of lost customers. Managers seeking to satisfy their customers will directly consider applying customer satisfaction techniques without waiting for the number of lost customers to increase. However, 85.3% of managers reported in the questionnaire that the increasing rate of lost customers has a strong effect on the decision to use customer satisfaction measurement techniques whereas none of them reported its negative effect. This implies that whenever the number of lost customers begins to increase, the company will start searching for the reason and using appropriate techniques. This does not stand in a company that considers customer satisfaction its main goal. Managers should understand what irritates customers and seek to solve their problems before they lose them and hence, it will become difficult to win them back. Minor problems are easier to deal with than major ones. That's why managers should detect and solve customers' problems before they become major ones.
- A correlation exists between MAECSOR and the budget allocated for measurement techniques (correlation coefficient = -0.2637) indicating that companies that are aware of customer satisfaction will definitely have set the appropriate budgets needed for achievement of satisfaction. Hence, the less would be its effects on the decision to implement customer satisfaction measurement techniques.
- The last table indicates a high correlation between MAECSOR and the effects of banking facilities (correlation coefficient = -0.4410, $p=0.000$). An organization that wants to satisfy customers will facilitate the availability of systems needed to collect information about the customers. The computers available to build in customer files, telephone lines for receiving complaints and suggestions, etc.,.... can encourage managers to implement customer

satisfaction measurement programs since these facilities will be invested in the achievement of customer satisfaction and loyalty.

4.3.4 Relationship between MAECSOR and demographic variables

Important relationships have been found in testing the significance variability between management's awareness of the effects of customer satisfaction on the organization and some demographic variables. A crosstabulation was conducted between MAECSOR and the number of branches, number of employees, number of subordinates respectively indicating a significant variability between them. These results will be illustrated in Table

4.15

Table 4.15: Crosstabulation between MAECSOR, number of branches, number of employees, number of subordinates

Crosstabulation: MAECSOR by NUMBR

NUMBR-- MAECSOR	Count Col Pct	32	40	41	42	Row Total
4.89						1 1.3
5.00			1 25.0			3 4.0
	Column Total	2 2.7	4 5.3	1 1.3	1 1.3	75 100
<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F<5</u>		
573.38118	483	0.0028	0.013	528 of 528 (100.0%)		

Crosstabulation: MAECSOR by NUMEMP

NUMEMP-- MAECSOR	Count Col Pct	830	840	1000	Row Total
4.89	1 100.0				1 1.3
5.00					3 4.0
Column		1	1	4	75
Total		1.3	1.3	5.3	100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F<5</u>
673.89599	567	0.0013	0.013	616 of 616 (100.0%)

Crosstabulation: MAECSOR by NUMSUB

NUMSUB-- MAECSOR	Count Col Pct	25	27	30	50	Row Total
4.89	1 25.0					1 1.3
5.00						3 4.0
Column		4	2	1	1	75
Total		5.3	2.7	1.3	1.3	100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F<5</u>
595.95978	483	0.0003	0.013	528 of 528 (100.0%)

The results of the table show high significant variability between MAECSOR and the three variables. At a significance level of 0.05, the significance levels were: 0.0028, 0.0013, 0.0003 respectively indicating that they are not independent of each other. However, a correlation analysis between MAECSOR and the three variables shows no significant correlation. This can be due to the variability in answers given by managers concerning the number of branches, number of employees and number of subordinates. Many managers can include branches that are not operating in Lebanon or branches

that did not start yet its operations. They can also give an estimated rather than an accurate number of employees in all branches.

Moreover, in the process of building relationships, a correlation analysis was conducted between MAECSOR and the experience on the job. It was found that the management awareness of the effects of customer satisfaction is inversely affected by the years of experience on the current job. The reason behind this is that many managers who spent a long period of time working for a company will be adapted to its strategies and policies adopted and will consider the introduction of new programs or techniques as unnecessary. In addition, they might be uncertain of the consequences of a new program, that's why they prefer doing their job the way it was always handled in order to prevent problems and avoid taking risks. The correlation analysis is listed in Table 4.16.

Table 4.16: Correlation analysis between MAECSOR and years of experience

Correlations:	MAECSOR	EXPYRS
MAECSOR	1.0000 (75) p= .	-0.2220 (75) p= 0.028
EXPYRS	-0.2220 (75) p= 0.028	1.0000 (75) p= .

4.4 Relationship between management's attitudes towards the role of employees in tracking customer satisfaction (MARETCS) and MAECSOR

As discussed previously, the achievement of customer satisfaction is highly dependent on management's awareness of the effects of customer satisfaction and the role of employees in tracking customer satisfaction. That's why these two variables are not independent of each other and high positive

correlation exists between them. The relationship is reciprocal: The more the managers are aware of customer satisfaction, the more they should care about satisfying their employees, and the more employees are satisfied, the highly indication that managers are aware of the concept of customer satisfaction and its effects on the organization. Tables 4.2 and 4.3 which were presented previously showed the crosstabulation and the correlation analysis conducted for testing the significant variability of these two items.

4.4.1 Relationship between MARETCS and the importance of measuring customer satisfaction

It is expected that positive relationship should exist between MARETCS and the importance of measuring customer satisfaction and the implementation of satisfaction measurement techniques. The more managers believe that it is important to measure customer satisfaction and the more they value the role of customer satisfaction measurement programs, the more they will work to satisfy their employees, encourage them to suggest ways to determine the customer's level of satisfaction, train them on how to deal with customers and reward them for excellent performance. Table 4.17 illustrates the correlation that exists between MARETCS and the different variables related to the importance of customer satisfaction.

4.17: Correlation analysis between MARETCS and MSCS, CSMPACO, SMPUCNE, ICSEGE, HCCICSL, MSGIQS, NLCIF, TCSBWT

Correlations:	MARETCS	MSCS
MARETCS	1.0000 (75) p= .	0.3269 (75) p= 0.002
MSCS	0.3269 (75) p= 0.002	1.0000 (75) p= .

Correlations:	MARETCS	CSMPACO
MARETCS	1.0000 (75) p= .	0.4594 (75) p= 0.000
CSMPACO	0.4594 (75) p= 0.000	1.0000 (75) p= .

Correlations:	MARETCS	SMPUCNE
MARETCS	1.0000 (75) p= .	0.5010 (75) p= 0.000
SMPUCNE	0.5010 (75) p= 0.000	1.0000 (75) p= .

Correlations:	MARETCS	ICSEDGE
MARETCS	1.0000 (75) p= .	0.6493 (75) p= 0.000
ICSEDGE	0.6493 (75) p= 0.000	1.0000 (75) p= .

Correlations:	MARETCS	HCCICSL
MARETCS	1.0000 (75) p= .	0.2939 (75) p= 0.005
HCCICSL	0.2939 (75) p= 0.005	1.0000 (75) p= .

Correlations:	MARETCS	MSGIQS
MARETCS	1.0000 (75) p= .	0.1455 (75) p= 0.106
MSGIQS	0.1455 (75) p= 0.106	1.0000 (75) p= .

Correlations:	MARETCS	NLCIF
MARETCS	1.0000 (75) p= .	0.4146 (75) p= 0.000
NLCIF	0.4146 (75) p= 0.000	1.0000 (75) p= .

Correlations:	MARETCS	TCSBWT
MARETCS	1.0000 (75) p= .	-0.1434 (75) p= 0.110
TCSBWT	-0.1434 (75) p= 0.110	1.0000 (75) p= .

The results of Table 4.17 can be summarized in the following points:

- The more positive attitudes the managers form about the importance of measuring customer satisfaction as a main function in an organization, establishing satisfaction measurement programs to assess the opinions of customers and understand their needs, increasing customer satisfaction to gain an edge over competitors, handling complaints effectively, the more managers will consider the role of employees important in tracking customer satisfaction. Hence, they will consider hiring good people, training them and compensating them for good performance.
- No correlation exists between management's attitudes towards the role of employees in measuring customer satisfaction and role of mystery shopping in improving the quality of the service and maintaining customer relationships. This can be related to the fact that managers do not know that mystery shopping can be used to detect unqualified employees and see whether some customers are treated by employees in a different manner. It is important to mention here that none of the managers reported application

of the mystery shopping program in their banks and therefore, they do not have complete knowledge about the system and its advantages.

- MARETCS and TCSBWT (talking to customers who stopped buying services is a waste of time) are not related. The same interpretation as the one between MAECOSOR and TCSBWT can be given here. Hiring people, training them and satisfying their needs has no relation with managers' beliefs of whether talking to departing customers is a waste of time or not.

4.4.2 Relationship between MARETCS and demographic variables

Some crosstabulations and correlation analysis were conducted to test the significance variability and relationship between MARETCS and some demographic variables. The results showed high significance between MARETCS and number of branches (at a significance level of 0.05, the observed one is 0.0094) while no correlation exists between them. Moreover, no significant and correlation relationship was examined between MARETCS and number of employees. This can be due as explained previously to the variability of answers given by managers regarding the number of branches and number of employees. However, the management's awareness of the role of employees in tracking customer satisfaction and the number of subordinates reporting to managers are dependent on each other and positively related. The more subordinates the manager has, the more he needs to train them on how to deal with customers and work to satisfy them in order to provide excellent customer service and satisfaction. The results are clearly illustrated in Tables 4.18 and 4.19. The results of the crosstabulations are presented first followed by a correlation analysis.

4.18: Crosstabulation of MARETCS by NUMBR, NUMEMP and NUMSUB

Crosstabulation: MARETCS by NUMBR		
<u>Results:</u>		
Chi-Square	D.F.	Significance
608.47523	529	0.0094

Crosstabulation: MARETCS by NUMEMP		
<u>Results:</u>		
Chi-Square	D.F.	Significance
668.11472	621	0.0929

Crosstabulation: MARETCS by NUMSUB		
<u>Results:</u>		
Chi-Square	D.F.	Significance
621.68615	529	0.0033

4.19: Correlation analysis between MARETCS and NUMBR, NUMEMP and NUMSUB

Correlations:	MARETCS	NUMBR
MARETCS	1.0000 (75) p= .	0.0126 (75) p= 0.457
NUMBR	0.0126 (75) p= 0.457	1.0000 (75) p= .

Correlations:	MARETCS	NUMEMP
MARETCS	1.0000 (75) p= .	0.0500 (75) p= 0.335
NUMEMP	0.0500 (75) p= 0.335	1.0000 (75) p= .

Correlations:	MARETCS	NUMSUB
MARETCS	1.0000 (75) p= .	0.1993 (75) p= 0.043
NUMSUB	0.1993 (75) p= 0.043	1.0000 (75) p= .

4.5 Relationship between the factors that influence the decision to use customer satisfaction measurement techniques and demographic variables

It is not surprising that the factors presented in the last section of the questionnaire are related to some demographic variables such as position, educational level, experience,.... The crosstabulation and correlation analysis between management skills and capabilities (Factor 1) and some demographic variables are illustrated in Table 4.20.

Table 4.20:Relationship between factor 1 and some demographic variables

Correlations:	Factor 1	Position
Factor 1	1.0000 (75) p= .	0.1975 (75) p= 0.045
Position	0.1975 (75) p= 0.045	1.0000 (75) p= .

Correlations:	Factor 1	Sex
Factor 1	1.0000 (75) p= .	0.3400 (75) p= 0.001
Sex	0.3400 (75) p= 0.001	1.0000 (75) p= .

Crosstabulation: Factor 1 by Educational level

Edlev---- Factor1	Count Col Pct	1	2	3	4	5	Row Total
1	2 100.0	23 74.2	14 63.6	2 40.0	13 86.7	54 72.0	
2		8 25.8	8 36.4	2 40.0	2 13.3	20 26.7	
3				1 20.0		1 1.3	
Column Total	2 2.7	31 41.3	22 29.3	5 6.7	15 20.0	75 100.0	

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
18.26252	8	0.0193	0.027	10 of 15 (66.7%)

As noticed in the table, a positive relationship exists between the effects of management's skills and capabilities and the current position of managers. The logic behind this correlation is that the higher the position of managers, the higher the needed skills and capabilities for managing a customer satisfaction measurement program. If managers are highly qualified and occupy high positions, they will not resist the application of customer satisfaction measurement techniques. Moreover, management's skills and capabilities needed to take decisions are related to the sex of managers. This can be due to the fact that most managers that occupy high positions and are involved in the decision making process are male.

In addition to this, a significant variability exists between factor 1 and educational level. The observed significance level is 0.0193 implying that these two variables are dependent on each other.

As far as the cost of implementing customer satisfaction measurement techniques (factor 3) is concerned, it was found that this factor is dependent on the manager's position and previous experience. The higher the position of managers, the longer the years of previous experience, the more managers will be able to determine and analyze the costs of implementing customer

satisfaction measurement techniques. Based on the cost figures, the decision to use measurement techniques can be taken. A crosstabulation between factor 3 and position followed by another one conducted between factor 3 and previous experience will be presented in Table 4.21.

Table 4.21: Crosstabulation of factor 3 by position and previous experience

Crosstabulation: Factor 3 by position

Position-- Factor 3	Count Col Pct	1	2	3	4	5	Row Total
1		7 53.8	9 64.3	15 55.6	6 42.9	1 14.3	38 50.7
2		6 46.2	5 35.7	12 44.4	5 35.7	6 85.7	34 45.3
3					3 21.4		3 4.0
Column Total		13 17.3	14 18.7	27 36.0	14 18.7	7 9.3	75 100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
18.83038	8	0.0158	0.280	7 of 15 (46.7%)

Crosstabulation: Factor 3 by PEXPYRS

PEXPYRS-- Factor 3	Count Col Pct	1	2	3	4	5	Row Total
1	26 61.9			2 25.0	5 71.4	5 35.7	38 50.7
2	16 38.1	4 100.0	6 75.0	2 28.6	6 42.9		34 45.3
3						3 21.4	3 4.0
Column Total		42 56.0	4 5.3	8 10.7	7 9.3	14 18.7	75 100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
23.52665	8	0.0027	0.160	11 of 15 (73.3%)

To support this point, a correlation analysis which illustrates the positive relationship between factor 3, position and previous experience is shown in Table 4.22.

Table 4.22: Correlation analysis between factor 3, position and pexpyrs

Correlations:	Factor 3	Position
Factor 3	1.0000 (75) p= .	0.2424 (75) p= 0.018
Position	0.2424 (75) p= 0.018	1.0000 (75) p= .

Correlations:	Factor 3	PEXPYRS
Factor 3	1.0000 (75) p= .	0.2617 (75) p= 0.012
PEXPYRS	0.2617 (75) p= 0.012	1.0000 (75) p= .

Furthermore, the effect of banks' customers (Factor 6) on the decision to use customer satisfaction measurement techniques is directly related to the position and experience on the job. As they occupy high position and gain more experience, managers will tend to know better their customers, understand their needs and facilitate their operations. Hence, when deciding to apply measurement techniques, managers will choose the best appropriate techniques that can be easily understood by customers and can encourage them in the participation of the measurement process. An evidence on this point will be to provide a correlation analysis that prove the positive correlation between factor 6, position and experience on the job. (Table 4.23 illustrates the relationships).

Table 4.23: Correlation analysis between factor 6, position and experience

Correlations:	Factor 6	Position
Factor 6	1.0000 (75) p= .	0.2621 (75) p= 0.012
Position	0.2621 (75) p= 0.012	1.0000 (75) p= .

Correlations:	Factor 6	EXPYRS
Factor 6	1.0000 (75) p= .	0.2737 (75) p= 0.009
EXPYRS	0.2737 (75) p= 0.009	1.0000 (75) p= .

4.5.1 Relationship between the factors that influence the decision to use customer satisfaction measurement techniques and the different tools for measuring satisfaction

The purpose of this section is to see the influence of some factors on customer satisfaction measurement techniques. The use of comment cards, telephone surveys, mystery shopping, exit interviews can be associated with factors such as management's skills and capabilities, the cost of these techniques, the customers of the banks,..... These relationships are detailed in the following sections.

4.5.1.1 Relationship between management's skills and the measurement techniques

Crosstabulations and correlation analysis were conducted to test the significant relationships between the effects of management's skills and capabilities on the decision to establish a proper department for handling complaints, use comment cards, send questionnaires, conduct telephone surveys

and exit interviews. Concerning the mystery shopping technique, its correlation with other variables can't be computed due to the fact that all managers reported non application of this technique in their banks. The results are listed in Table 4.24.

Table 4.24: Relationships between Factor 1 and customer satisfaction measurement techniques

Crosstabulation: Factor 1 by Depthmcc				
<u>Results:</u>				
<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
10.15844	2	0.0062	0.093	3 of 6 (50.0%)

Correlations:	Factor 1	COMCRDS
Factor 1	1.0000 (75) p= .	-0.2777 (75) p= 0.008
COMCRDS	-0.2777 (75) p= 0.008	1.0000 (75) p= .
Correlations:	Factor 1	SQUEST
Factor 1	1.0000 (75) p= .	-0.2101 (75) p= 0.035
SQUEST	-0.2101 (75) p= 0.035	1.0000 (75) p= .
Correlations:	Factor 1	CCSDB
Factor 1	1.0000 (75) p= .	-0.2747 (75) p= 0.009
CCSDB	-0.2747 (75) p= 0.009	1.0000 (75) p= .

The results presented in Table 4.24 indicates that the higher the management's skills and capabilities, the less would be its effects on the decision to use customer satisfaction measurement techniques especially that a measurement program requires managers to be able to analyze the data received from the survey conducted. In addition to these correlations, the relationship between factor 1 and telephone surveys was not detected. No correlation exists. The reason behind this is that telephone surveys do not need high skills especially that managers can conduct them in an informal way with no need to have a script or a response scale to follow.

4.5.1.2 Relationship between the cost of implementation and CSMT

Among the different relationships between the effect of the cost (Factor 3) and the various tools used, two important positive correlations can be realized through a correlation analysis. These are described in Table 4.25

Table 4.25: Correlation analysis between factor 3, Squest and Telcalls

Correlations:	Factor 3	SQUEST
Factor 3	1.0000 (75) p= .	0.2019 (75) p= 0.041
SQUEST	0.2019 (75) p= 0.041	1.0000 (75) p= .

Correlations:	Factor 3	TELCALLS
Factor 3	1.0000 (75) p= .	-0.2003 (75) p= 0.042
TELCALLS	-0.2003 (75) p= 0.042	1.0000 (75) p= .

It can be concluded from the table that the decision to use questionnaires or conduct telephone surveys is directly affected by the cost of these techniques. However, mail questionnaires are positively affected by the cost since they are not cheap. Most of them include a follow-up mailing which requires additional postage and the printing of additional questionnaires while telephone surveys are becoming relatively inexpensive especially when interviews are centralized and computerized. That's why they are negatively related to the costs.

4.5.1.3 Relationship between the effect of banks' customers and CSMT

It is important to realize the effects that the customers of the bank can exercise on the decision to use customer satisfaction measurement techniques. For instance, a correlation analysis was performed to test the relationship between the effects of the banks' customers (factor 6) on the decision to conduct telephone surveys. A positive correlation was found between these two variables implying that the more the managers realize that customers are willing to cooperate and provide information, the more they will be encouraged to conduct telephone surveys especially that these surveys can form an intrusion into the customer's life and business. That's why cooperation of customers in a telephone survey highly affects the use of such technique. As listed in Table 4.26, at a significance level of 0.05, the observed significance level was 0.0415 indicating that these two variables are dependent and the correlation analysis indicated that these two variables negatively affect each other implying that the more the customers exercise an effect on the decision to apply measurement techniques, the less managers will be encouraged to conduct telephone surveys.

Table 4.26: Relationship between Factor 6 and Telcalls

Crosstabulation: Factor 6 by telcalls

Telcalls-- Factor 6	Count Col Pct	0	1	Row Total
1	31 47.0	8 88.9		39 52.0
2	27 40.9			27 36.0
3	8 12.1	1 11.1		9 12.0
Column	66	9		75
Total	88.0	12.0		100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
6.36493	2	0.0415	1.080	3 of 6 (50.0%)

Correlations:	Factor 6	TELCALLS
Factor 6	1.0000 (75) p= .	-0.2014 (75) p= 0.042
TELCALLS	-0.2014 (75) p= 0.042	1.0000 (75) p= .

Moreover, a crosstabulation between the effect of banks' customers and exit interviews was performed indicating a significant variability among these two variables as shown in Table 4.27

Table 4.27: Crosstabulation of Factor 6 by CCSDB

CCSDB-- Factor 6	Count Col Pct	0	1	Row Total
1	10 32.3	29 65.9	39 52.0	
2	19 61.3	8 18.2	27 36.0	
3	2 6.5	7 15.9	9 12.0	
Column Total	31 41.3	44 58.7	75 100	

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
14.70411	2	0.0006	3.720	1 of 6 (16.7 %)

The observed significance level in Table 4.27 indicates that factor 6 and exit interviews are not independent variables.

4.5.1.4 Relationship between the effect of the increasing rate of lost customers and exit interviews

It is of no argument that the higher the number of lost customers in an organization, the more managers will need to conduct exit interviews in order to know the reasons behind losing customers. These interviews can give managers information about problems in their system so as to improve performance and work to win the customer back. Therefore, a positive correlation should exist between these two variables as shown in Table 4.28

Table 4.28: Correlation analysis between factor 7 and exit interviews

Correlations:	Factor 7	CCSDB
Factor 7	1.0000 (75) p= .	0.1949 (75) p= 0.047
CCSDB	0.1949 (75) p= 0.047	1.0000 (75) p= .

4.5.1.5 Relationship between the effects of banking facilities (Factor 9) and CSMT

Negative correlations were shown in the analysis conducted to test the relationship between factor 9 and comment cards, questionnaires, exit interviews. These correlations indicate that the more the banking facilities such as computers to record and analyze information, enough spaces to pose suggestion boxes or comment cards, telephone lines for receiving suggestions and complaints,... are available, the more the managers will decide to apply customer satisfaction measurement techniques in their banks since these facilities already available in the bank will facilitate the establishment and the processing of the customer satisfaction measurement programs and techniques. The results of these correlations are listed in Table 4.29.

Table 4.29: Correlation analysis between factor 9 and COMCRDS, SQUEST, CCSDB

Correlations:	Factor 9	COMCRDS
Factor 9	1.0000 (75) p= .	-0.2192 (75) p= 0.029
COMCRDS	-0.2192 (75) p= 0.029	1.0000 (75) p= .

Correlations:	Factor 9	SQUEST
Factor 9	1.0000 (75) p= .	-0.2662 (75) p= 0.010
SQUEST	-0.2662 (75) p= 0.010	1.0000 (75) p= .

Correlations:	Factor 9	CCSDB
Factor 9	1.0000 (75) p= .	-0.3036 (75) p= 0.004
CCSDB	-0.3036 (75) p= 0.004	1.0000 (75) p= .

4.6 Regression analysis: Building an equation relating the independent variables to the dependent variable: Management's awareness of the effects of customer satisfaction (MAECSOR)

It is logical to think that many critical factors are associated with management's awareness of the effects of customer satisfaction on the organization. Having discussed and analyzed the relationships between MAECSOR and other variables, the purpose of this section is to form a regression equation that links the dependent variable (MAECSOR) to other independent variables. There are many steps to follow in building the regression equation. The first one consists of preparing a correlation matrix which tests the multicollinearity among the variables since it can affect the results of the regression analysis. The correlation matrix which is the standard form of reporting correlation results and which shows relatively low correlation coefficients among variables is presented in Table 4.30.

In the next step of the regression analysis, the independent variables are included one by one into the equation using the stepwise method. The first variable which was entered in the equation was CSMPACO (customer satisfaction measurement programs assess the opinions of customers). The factor of determination, R^2 , is equal to 0.37425 implying that about 37% of the variations in the management's awareness of the effects of customer satisfaction on the organization can be explained by managers' beliefs about the importance of customer satisfaction measurement programs in assessing the opinions of all customers. The second and last variable included in the equation

Table 4.30 Correlation coefficients among variables

	MAECOR	MARETCS	MSCS	CSPACO	SMPUCNE	ICSEGE	COMCRDS	HCCICSL	SQUEST	HOCCS	TELCALLS	MYSSHOPG	MSGIQS	CCSDB	NLCIF	TCSBWT
MAECOR	1.000	0.530	0.425	0.612	0.609	0.529	0.155	0.328	0.281	-0.264	-0.014	.	0.390	0.116	0.536	0.034
MARETCS	0.530	1.000	0.327	0.459	0.501	0.649	0.198	0.294	0.351	-0.053	0.140	.	0.145	0.273	0.415	-0.143
MSCS	0.425	0.327	1.000	0.600	0.509	0.461	0.306	0.261	0.320	-0.026	-0.003	.	0.359	0.198	0.461	-0.083
CSPACO	0.612	0.459	0.600	1.000	0.905	0.649	0.024	0.584	0.260	-0.180	0.061	.	0.474	0.188	0.649	-0.105
SMPUCNE	0.609	0.501	0.509	0.905	1.000	0.724	-0.009	0.645	0.223	-0.183	0.037	.	0.417	0.264	0.503	-0.152
ICSEGE	0.529	0.649	0.461	0.649	0.724	1.000	0.180	0.367	0.286	-0.095	0.024	.	0.308	0.308	0.538	-0.370
COMCRDS	0.155	0.198	0.306	0.024	-0.009	0.180	1.000	-0.160	0.481	0.098	0.048	.	0.170	0.241	0.180	-0.152
HCCICSL	0.328	0.294	0.261	0.584	0.645	0.367	-0.160	1.000	0.082	-0.220	0.099	.	0.318	0.210	0.367	-0.252
SQUEST	0.281	0.351	0.320	0.260	0.223	0.286	0.481	0.082	1.000	0.123	0.076	.	0.441	0.213	0.121	-0.243
HOCCS	-0.264	-0.053	-0.026	-0.180	-0.183	-0.095	0.098	-0.220	0.123	1.000	0.189	.	-0.041	0.338	-0.278	-0.239
TELCALLS	-0.014	0.140	-0.003	0.061	0.037	0.024	0.048	0.099	0.076	0.189	1.000	.	-0.023	0.227	0.145	-0.192
MYSSHOPG	.	.	.	.	.	.	.	.	.	.	.	1.000	.	.	.	.
MSGIQS	0.390	0.145	0.359	0.474	0.417	0.308	0.170	0.318	0.441	-0.041	-0.023	.	1.000	0.230	0.308	-0.422
CCSDB	0.116	0.273	0.198	0.188	0.264	0.308	0.241	0.210	0.213	0.338	0.227	.	0.230	1.000	0.149	-0.422
NLCIF	0.536	0.415	0.461	0.649	0.503	0.538	0.180	0.367	0.121	-0.278	0.145	.	0.308	0.149	1.000	-0.179
TCSBWT	0.034	-0.143	-0.083	-0.105	-0.152	-0.370	-0.152	-0.252	-0.243	-0.239	-0.192	.	-0.422	-0.422	-0.179	1.000

was the management's attitudes towards the role of employees in tracking customer satisfaction. Table 4.31 illustrates the variables, their coefficients (B), Test statistic T, and the T significant.

Table 4.31: Variables, B, T, Sig.T

Variable	B	T	Sig.T
CSMPACO	0.78641	4.755	0.0000
MARETCS	0.28711	3.219	0.0019
(constant)	2.19323	7.129	0.0000

The final step in the regression analysis is to build the regression equation as follows:

$$\text{MAECSOR} = 2.19323 + 0.78641 \text{CSMPACO} + 0.28711 \text{MARETCS}$$

$$(0.0000) \quad (0.0000) \quad (0.0019)$$

$$R^2 = 0.45299 = 45.3\%$$

$$F = 29.81205$$

$$\text{Significant } F = 0.0000$$

The coefficient of determination in this equation, R^2 , equals to 45.3% indicating that about 45% of the variations in management's awareness of the effects of customer satisfaction on the organization can be explained by the variations in these two variables. It can also be derived that the regression model is significant one using the analysis of variance. Since the significant F value which is equals to 0.0000 is smaller than the p value of 0.05, it can be concluded that there is a relationship between MAECSOR and the two variables: MARETCS and CSMPACO. Moreover, the significance of the correlation coefficients can be explained by comparing the p value under the significant T. Taking into consideration the level of significance at 0.05, the p values under significant T are 0.0000, 0.0019 and 0.0000 respectively

indicating that a statistically significant relationship exists between each of the variables of the equation and the dependent variable (MAECSOR).

4.6.1 Interpretation of the equation

As far as the relationship between CSMPACO and MAECSOR is concerned, the regression equation indicates that there is a positive relation between these two variables. For each added value in managers' attitudes towards the importance of establishing customer satisfaction programs, the managers' beliefs about the effects of customer satisfaction on the organization will be added by 0.78641. This could be due to the fact that the more managers consider establishing customer satisfaction programs in their organization important, the more they will be aware of customer satisfaction since these programs will definitely provide managers with information about customers' needs and expectations. Consequently, this information received will be used to improve the service and satisfy customers. The more customers are satisfied, the more the performance of the operations will be improved, profits will increase, reputation of the firm will be enhanced and the market share will subsequently increase.

Concerning the relationship between MARETCS and MAECSOR, the value of B in the equation is positive implying that the higher the management's attitudes towards the role of employees in tracking and measuring customer satisfaction, the higher their beliefs about the effects of customer satisfaction on the operations of the business. The interpretation for the relationship is quite simple. The more managers are concerned in satisfying employees through creating a satisfied workplace, training them on how to deal with customers, communicating the needs of customers to them along with rewarding them for good performance, the highly indication that they are aware of the effects of customer satisfaction since achievement of customer satisfaction is highly related to the satisfaction of employees who can suggest

ways to determine the customer's level of satisfaction and can provide information about customers' needs due to their daily contact and cooperation with them.

4.7 Regression analysis: Building an equation relating other variables to the dependent variable: MAECSOR

The same procedure which was applied in building a regression equation linking the independent variables to the dependent variable (MAECSOR) is also followed here. The correlation coefficients of the variables included in the analysis is presented in the following table:(Table 4.32)

The variables entered in the equation were: MARETCS, factor 9 (the effect of banking facilities available) and factor 3 (the cost of implementing customer satisfaction measurement techniques). A list of the variables , their B coefficients, T test and the significant T is presented in Table 4.33.

Table 4.33: Variables, B, T, Sig.T

Variable	B	T	Sig.T
MARETCS	0.33448	3.603	0.0006
Factor 9	-0.29665	-3.150	0.0024
Factor 3	0.24942	2.362	0.0209
(constant)	2.81029	6.362	0.0000

Table 4.32: Correlation coefficients among variables

	MAECOR	MARETCS	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6	FACTOR 7	FACTOR 8	FACTOR 9
MAECOR	1.000	0.530	-0.195	-0.225	0.281	-0.379	-0.277	-0.267	-0.104	-0.264	-0.441
MARETCS	0.530	1.000	-0.124	-0.100	0.199	-0.382	-0.076	-0.245	-0.109	-0.368	-0.372
FACTOR 1	-0.195	-0.124	1.000	0.845	0.013	0.534	0.773	0.629	-0.096	0.399	0.596
FACTOR 2	-0.225	-0.100	0.845	1.000	0.067	0.528	0.711	0.718	0.003	0.372	0.626
FACTOR 3	0.281	0.199	0.013	0.067	1.000	0.132	-0.003	0.134	0.206	0.127	0.052
FACTOR 4	-0.379	-0.382	0.534	0.528	0.132	1.000	0.560	0.578	0.038	0.472	0.579
FACTOR 5	-0.277	-0.076	0.773	0.711	0.003	0.560	1.000	0.473	0.022	0.496	0.559
FACTOR 6	-0.267	-0.245	0.629	0.718	0.134	0.578	0.473	1.000	0.022	0.316	0.725
FACTOR 7	-0.104	-0.109	-0.096	0.003	0.206	0.038	0.022	0.022	1.000	-0.021	0.075
FACTOR 8	-0.264	-0.368	0.399	0.372	0.127	0.472	0.496	0.316	-0.021	1.000	0.602
FACTOR 9	-0.441	-0.372	0.596	0.626	0.052	0.579	0.559	0.725	0.075	0.602	1.000

The final regression output came to be:

Dependent variable: MAECSOR	
Variable(s) entered on step number	
3—factor 3	
Multiple R	0.63043
R square	0.39744
Adjusted R square	0.37198
Standard error	0.50897
Analysis of variance	
	<u>D.F.</u>
Regression	3
Residual	71
F= 15.61014	Significant F= 0.0000

The regression equation is as follows:

$$\text{MAECSOR} = 2.81029 + 0.33448 \text{MARETCS} - 0.29665 \text{factor 9} + 0.24942 \text{factor 3}$$

$$(0.0000) \quad (0.0006) \quad (0.0024) \quad (0.0205)$$

$$R^2 = 0.39744 = 39.7\%$$

$$F = 15.61014 \quad \text{Sig } F = 0.0000$$

From the comparison of significant $F=0.0000$ to the level of significance which is equals to 0.05, it can be derived that there is a relationship between MAECSOR and the three variables included. Moreover, the correlation coefficients are statistically significant since these values under significant T are less than the significance level of 0.05. The coefficient of determination, R^2 , in this equation equals to $39.7\%=40\%$ indicating that about 40% of the variations in the dependent variable (MAECSOR) can be explained by the

variations in the variables entered in the equation. All this clearly indicates that the regression model is a significant one.

4.7.1 Interpretation of the equation

The relationship MAECSOR and MARETCS was illustrated previously. Concerning the relationships between MAECSOR and the banking facilities available (factor 9), the negative sign implies that the less the effect of banking facilities on the decision to use customer satisfaction measurement techniques, the higher the management's awareness of the effects of customer satisfaction. The reason behind this is that the more facilities are available in the banks, the more will managers acknowledge the effects of customer satisfaction. If computers, for example, are available in order to record and analyze information received from customers or if telephone lines are available exclusively for receiving customers' complaints and suggestions, then managers will be more devoted to the application of customer satisfaction measurement techniques which will be mainly concerned in detecting problems with the services and measuring the extent to which customers are satisfied in doing business with an organization. The proper application of measurement techniques will provide managers with a clear vision about the organizational performance, and encourage them to improve customer satisfaction in order to achieve a competitive edge. Thus, the higher the availability of banking facilities, the lower its negative effect on the decision to use customer satisfaction measurement techniques, and consequently the higher the positive attitudes that managers will develop towards customer satisfaction and its effects on the performance.

Now, the interpretation of the relationship between MAECSOR and factor 3 which represents the cost of implementing customer satisfaction measurement techniques is quite straightforward. When managers incur costs to use some measurement techniques such as mail questionnaires, telephone

surveys, exit interviews,...they give an impression that they are well aware of customer satisfaction and the costs of losing a customer. These costs should seem natural and necessary to a company that strives to do an excellent job if it wants to survive in the competitive marketplace.

4.8 Analysis of customer survey

The customer survey was mainly conducted to serve as a basis for comparing the answers to those of managers regarding the application of customer satisfaction measurement techniques. Moreover, customers were asked to give their opinions about the banking performance on certain issues such as manager's assistance for customers, employee's cooperation and participation, promptness in service performed, ability to manage complaints effectively, ability to meet customers' needs and to solve their problems.

To provide information about customers' attitudes towards customer satisfaction measurement techniques, most customers reported non application of formal techniques which indicates that the answers are in general consistent to those of managers. A summary of the frequency distribution of items related to customers' attitudes towards the customer satisfaction measurement techniques is presented in the following table.

Table 4.34: Frequency table of customers' attitudes

<u>Variable</u>	<u>Agreement percentage(%)</u>
Comment cards	16.7
Department for handling complaints	10.7
Telephone calls	25.3
Questionnaires	15.3
Participation in problem resolution	40.7
Managing complaints increases satisfaction	94.7

A remarkable thing can be derived from this table. 94.7% of customers agreed that managing properly customer complaints and meeting their needs increases their satisfaction and loyalty. That's why an organization should encourage customers to talk about their needs and express their dissatisfaction for the services provided in order to be able to improve its operations.

Concerning customers' opinions about the banking performance, most of them reported good achievement regarding management's assistance, employee's cooperation, promptness in service performed, ability to meet customers' needs and solve their problems and ability to manage complaints effectively. This can mean that the performance is not excellent to the extent that it can keep a customer loyal and completely satisfied. It was mentioned at the beginning of the study that companies cannot survive by simply doing a good job. They must do an excellent one if they are to succeed in the competitive marketplace. This also stands for the banking sector where high competition is remarkable. Many foreign banks are beginning to establish some branches in Lebanon and thus can attract a large share of the market especially that they are well known for their progress in measuring customer satisfaction and achieving loyalty. So, unless banks are 100% driven by customer satisfaction, they won't be able to survive on the long run.

4.8.1 Relationship between customers' attitudes towards CSMT and their opinions about the banking performance

In the attempt to study the relationship between customers' attitudes towards the customer satisfaction measurement techniques available in the bank and between their attitudes towards the banking performance, a crosstabulation was performed to test the relationship between these two variables and its significance. Table 4.35 provides the results of the crosstabulation.

Table 4.35: Crosstabulation of ATCSTT by CABP

CABP-- ATCSTT	Count Col Pct	3.00	Row Total
4.60			1 0.7
4.70			1 0.7
Column		10	75
Total		6.7	100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F.<5</u>
484.03071	250	0.0000	0.013	286 of 286 (100 %)

From the table below, we can notice that at significance level of 0.05, the significance level is 0.0000 indicating that these two variables are not independent of each other. An evidence on this relationship is to provide a one-way analysis of variance to test the significance of the relationship. Table 4.36 indicates that the value under the F probability is equals to 0.000 which is less than the considered significance level of 0.05 implying that there is a significance variability between ATCSTT and CABP.

Table 4.36: One-Way ANOVA:ATCSTT by CABP

Source	D.F.	Sum of Squares	Mean squares	F.ratio	F.probability
Between Groups	2	12.4710	6.2355	37.1980	0.0000
Within Groups	147	24.6416	0.1676		
Total	149	37.1126			

4.8.2 Regression analysis: Building an equation relating the independent variables to the dependent variable (ATCSTT)

The purpose of this section is to form a regression equation that links the dependent variable ATCSTT to other variables in the study. The first step as was described previously, consists of a correlation matrix that tests the multicollinearity among the variables. This matrix is reported in Table 4.37.

Table 4.37: Correlation coefficients among variables

	ATCSTT	CABP	OCCUPN	EDLEVEL	WKEXPB	MONINC	AGE	SEX
ATCSTT	1.000	-0.620	0.209	0.077	0.396	0.225	0.311	0.293
CABP	-0.620	1.000	-0.099	0.022	-0.210	-0.100	-0.150	-0.124
OCCUPN	0.209	-0.099	1.000	-0.171	0.337	0.557	0.512	0.526
EDLEVEL	0.077	0.022	-0.171	1.000	0.171	0.044	-0.020	0.066
WKEXPB	0.396	-0.210	0.387	0.171	1.000	0.613	0.486	0.450
MONINC	0.225	-0.100	0.557	0.044	0.613	1.000	0.506	0.551
AGE	0.311	-0.150	0.512	-0.020	0.486	0.506	1.000	0.518
SEX	0.293	-0.124	0.526	0.066	0.450	0.551	0.518	1.000

The variables entered in the equation were CABP and WKEXPB. The B coefficient, T, significant T of these variables are presented in the table below.

Table 4.38: Variables, B, T, Sig.T

Variable	B	T	Sig.T
CABP	-0.61764	-9.049	0.0000
WKEXPB	0.11507	4.481	0.0000
(constant)	4.09021	23.016	0.0000

The final regression output was as follows:

Dependent variable: ATCSTT	
Variable(s) entered on step number	
2--WKEXPB	
Multiple R	0.67712
R square	0.45849
Adjusted R square	0.45113
Standard error	0.36975
Analysis of variance	
	<u>D.F.</u>
Regression	2
Residual	147
F= 62.23261	Significant F= 0.0000

The regression equation is as follows:

$$\text{ATCSTT} = 4.09021 - 0.61764\text{CABP} + 0.11507\text{WKEXPB}$$

$$(0.0000) \quad (0.0000) \quad (0.0000)$$

$$R^2 = 0.45849 = 45.8\%$$

$$F = 62.23261 \quad \text{Significant } F = 0.0000$$

Since the value of significant F is equals to 0.0000 which is less than the significance level of 0.05, this indicates that there is a relationship between ATCSTT and the other two variables. Moreover, the values under significant T are less than 0.05 indicating that the correlation coefficients are statistically significant. The coefficient of determination is equals to 45.8% implying that about 46% of the variations in ATCSTT can be explained by the variations in the two variables.

4.8.3 Interpretation of the equation

Concerning the interpretation of the relationship between ATCSTT and customers' opinions about banking performance (CABP), the sign of the relation is negative indicating that the lower the attitudes towards the banking performance, the higher the attitudes towards the availability of customer satisfaction measurement techniques. When a customer rates the performance of the banking operations as poor, this means that he will have positive attitudes towards the customer satisfaction measurement techniques since they will lead to increase in the satisfaction of customers and to the improvement of performance. A customer for example that feels that his complaints are not handled effectively or his needs are not met, will realize better than other customers the availability of customer satisfaction measurement techniques in the bank and will search for the techniques adopted by the organization to solve his problems and meet his requirements for a good service.

As for the relationship between ATCSTT and working experience with a bank, the interpretation is quite simple. The longer the period spent dealing with a certain bank, the higher the attitudes towards the tracking and measurement systems available. A customer who spent 6 years working with a specific bank will be aware of the availability of comment cards, questionnaires, telephone surveys,.... more than a customer who has 6 months or one year of experience with this bank. The longer the period spent, the more the customer will be introduced to the measurement techniques available which if applied effectively can increase the satisfaction of the customer and maybe keep him forever.

4.9 Analysis of interviews

In order to accomplish the study and test the hypothesis that were stated in chapter I, interviews with managers were conducted to get information about the feedback system that they do apply in tracking and measuring the satisfaction of their customers in case none of the techniques mentioned in the questionnaire were used. The manager's opinions about the feedback on customer satisfaction are summarized below:

- The increasing value of the banking operations along with tracking the volume of activation of customers' daily transactions can give a hint about customer satisfaction. In addition, customers who deal exclusively with a certain bank can give an impression that they are satisfied with the services provided since no other providers of services are dealt with.
- Receiving verbal complaints along with asking customers from time to time about the services indicate whether or not they are satisfied. Furthermore, as long as managers do not hear complaints from customers, they are considered satisfied.
- The use of customer satisfaction measurement techniques is based on the bank's performance. Whenever the rate of lost customers begins to increase, managers will realize that there are some problems in the quality of the service and then they will start acting on the solution to these problems.
- The annual growth of business is an indicator that customers are satisfied.
- Informal discussions with customers can highlight problems that customers are facing with the services.
- Only important and prime customers who stopped their business with the bank will be contacted in order to know the reasons and act upon so as to improve the performance.

On the other hand, some critical comments on these opinions can be pinpointed:

- The increasing value of the banking operations and the tracking of the volume of activation of customers' accounts does not necessarily imply that customers are satisfied. A customer for example whose business is improving and profits are increased can have an active account in the bank without indicating that he is completely satisfied with the quality of services provided while an inactive account can reflect the business situation of a certain customer who is facing a decrease in profits, low market share, high competition, etc., Moreover, many customers can pretend that they are dealing exclusively with a certain bank in order to impress managers and get the benefits of service operations.
- Many customers do not overtly complain because they might think that nothing will be done. They will simply get their business elsewhere. That's why an organization needs to invite an open dialogue with their customers to show that they are ready to listen to their complaints and handle them effectively. Moreover, verbal complaints are not always heard because many managers can be busy doing their tasks, or they might not be highly qualified to identify the customer's problem and understand precisely what has aggravated him.
- Depending solely on the evaluation of the banking performance is not enough to measure customer satisfaction. A bank that achieves in a certain year high profits and progression in customer deposits does not necessarily reflect an increase in customer satisfaction since this achievement can be due to the decrease in prices of services to attract customers or decrease in miscellaneous costs. The evaluation of performance should be equipped with effective customer satisfaction measurement programs that can determine the customer's level of satisfaction with services.

- An informal contact with a lost customer does not achieve the same efficient results that a formal exit interview does. The reason is that many managers of some departments might be busy accomplishing their tasks and thus can find little time to contact the customer and analyze the reasons that caused him to stop doing business with his bank or they might not be highly qualified to win the customer back. A late contact with a customer does not always achieve the estimated results since he might already have found another provider for his services. That's why a proper application of exit interviews can be effective in tracking records of defecting customers and in convincing them to reestablish their business. Furthermore, managers reported that the prime or most important customers are usually contacted to see why they have closed their accounts in the banks. This means that managers neglected the fact that whatever the importance of customer is, he can be engaged in negative word of mouth concerning the quality of the services provided and can be very influential in non developing of customers for the organization. However, if contacted, customers might change their attitudes towards the banking performance and might think of reinstating their business again when they realize that the bank is concerned about them.

So, it can be deduced that internal measurement techniques of customer satisfaction and informal tools are not enough to develop a clear picture about the level's of customer satisfaction since they might be inappropriate or inadequate. Banks need to have external measurement techniques of customer satisfaction along with high management's skills and capabilities that are needed to evaluate properly the results achieved. It should not be forgotten that employees' participation in the measurement process is also required. Managers should understand that current customers are the life-blood of the organization and must be respected for their importance.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

5.1 Findings and conclusion

Although the concept of measuring customer satisfaction and establishing measurement techniques is a complex task, it has received quite a high concern from the part of managers in different companies. Many books, articles, videos, seminars and conferences on these subjects were conducted.

The thing that counts today is customer satisfaction. All the things managers do to achieve quality and provide excellent service are not important at all if they do not work to satisfy the customer. Satisfied customers do more business with a company more often. They purchase more and also refer their family and friends to the organization. The link between sales, service, satisfaction and profits is direct. The more a customer is satisfied, the more he or she is willing to spend. The more customers spend, the more the organization sells. And usually, when it sells more, the more profits it will get.

In this study, management's awareness of the effects of customer satisfaction in the banking industry was investigated. Most managers showed positive attitudes towards awareness of customer satisfaction and its effects on the profitability, reputation, customer assets of a business. The analysis showed also a significant relationship and positive correlation between MAECSOR and management's attitudes towards the role of employees in tracking customer satisfaction. This indicates that the higher the awareness of customer satisfaction, the more devoted will managers be towards satisfying their employees since their satisfaction results in the satisfaction of customers. Although managers agreed with the statements related to employee's role in measuring satisfaction, 33.4% of them agreed that employees are encouraged to participate in the management and conduct of the business. This can be related

to the fact that many managers do not like to be taught how to manage their business or maybe because the participation of employees will waste their time and slow the decision making process.

In addition to this, a positive relationship between MAECSOR and the importance of customer satisfaction measurement techniques was expected. Awareness of customer satisfaction effects implies that customer satisfaction measurement programs and techniques are important and essential to know how well the organization is satisfying its customers. 82.48% of managers showed high concern and positive attitudes concerning the role of good CSMP in understanding customers' needs and expectations and providing an edge over competitors. Also 78.7% of them disagreed that talking to customers who stopped buying the services of the bank is a waste of time and has no significant value. Although the results indicate a high concern of customer satisfaction from the managers' point of views, the applicability of CSMT was not realized in the Lebanese banks. 81.67% of managers reported non application of comment cards, mail questionnaires, telephone surveys, department for handling complaints and 100% do not apply the mystery shopping program. However, 58.7% of managers contact departing customers to see why did they stop their business with the bank although this process, as explained previously, does not take the form of an exit interview and is applicable only on the prime customers of the bank as reported by managers during the interviews. These results were consistent with those of customers who also confirmed the non application of CSMT in the banks. This contradiction between the awareness of customer satisfaction and the non application of CSMT can be explained when the relationships with other variables are illustrated in the following paragraph.

Taking the years of experience factor into consideration, the correlation analysis showed negative relationship between this factor and MAECSOR. This implies that the more the managers experience on the job, the more they will get used to routine tasks and thus, the introduction of a new program or

technique can impose challenges and can result in changing some of the strategies adopted by the organization. That's why managers may resist the decision to use CSMT in their business.

In relation to the various factors affecting the MAECSOR, 72% of managers reported the high effect of managements' skills and capabilities on the decision to implement CSMT and 68% agreed that employee's participation and cooperation exercise the same strong effect. This suggests that the skills of managers and the participation of employees are highly needed to the application of CSMT.

Beside this, the effect of managements' skills and capabilities is likely to be associated to some demographic variables such as position, sex and educational level.

Now, concerning the relationship between the cost of implementing CSMT and MAECSOR, only 4% of managers indicated that the cost of implementation has no effect on their decision to use them. The reason behind this is that the more managers are aware of the effects of customer satisfaction, the more they should think of applying CSMT and consequently, the more costs will be incurred to implement the program. Based on the costs figure, managers may decide to use or not to use CSMT. The cost factor is likely to be associated to some variables such as position and previous experience on the job.

Furthermore, the effects of banks' customers cannot be neglected, 52% of managers reported that customers strongly influence their decision to use CSMT. The more managers feel that they know their customers, understand their wants, the more they will determine what customer satisfaction measurement techniques should be used depending on the types of customers they have. Moreover, the highly cooperation of customers is needed to have a successful CSMP and this was realized in the customer survey where 94.7% of people agreed that meeting their needs and handling their complaints increase their satisfaction and loyalty. How can customers be non cooperative when they know that CSMT aim at fulfilling their objectives. It is believed that

customers won't resist participation in the measurement process when managers know how to talk to customers, how to make things easier for them, what techniques are appropriate to them. The customer's factor is likely to be associated to the position that managers occupy and their experience on the job.

When taking the increasing rate of lost customers into consideration, this factor has an effect on the decision to use CSMT. 85.3% of managers stated that this factor exercise a strong influence while 14.7% reported its medium effects implying that the higher the rate of lost customers, the more managers will be committed to customer satisfaction and to the application of CSMT. This means that most managers in the banks realize problems only when they become major ones. Rather than waiting to get information about lost customers from the performance reports, managers should continuously track the level of defecting customers, identify the symptoms before the actual problem is realized. Maybe the reason behind the beliefs of managers can be due to the fact that problem identification is hindered by people's reluctance to recognize that a problem exists, by their feeling that the cure may be worse than the disease, by their tendency to postpone decisions and their reluctance to make unpopular decisions.

In the process of analysis, managements' attitudes towards the role of employees in tracking customer satisfaction were studied, the results showed that most managers work towards satisfying their employees and training them in the service operations. These findings match with those of customers whom 62.7% reported that employee's cooperation is good. Moreover, it was expected that MARETCS should be positively related to the number of employees in all branches because the higher the number of employees, the higher the efforts of managers in determining the employees' needs and satisfying them. However, no correlation was noticed between these two variables. This can be due to the variability of answers given by managers regarding the number of employees. Contrary to these results, a positive relationship exists between MARETCS and number of subordinates indicating

that the higher the number of subordinates, the more managers will have to know about their needs, increase training programs for them and satisfy them by rewarding their performance. Consequently, high concern for customer satisfaction will be achieved across the members of the department.

In addition to this, many important findings were traced in testing the relationships between the factors that influence the decision to use CSMT and some CSMT. Regarding factor 1 (management's skills and capabilities), the analysis showed its negative relation to the use of comment cards, questionnaires, exit interviews, departments for handling complaints indicating that the less the effect of factor 1 on the decision to use CSMT i.e. the higher the skills of managers, the higher the chance that these techniques will be used. Also the cost of implementation of CSMT was associated to the use of questionnaires and telephone surveys although the significance level showed that they are independent of each other. However, questionnaires are positively related to the costs since they require additional costs such as follow-up mailing and additional postage,...while telephone surveys when centralized and computerized are becoming inexpensive.

Add to this, negative correlations coefficients were examined in testing the relationship between the effect of banks customers and the use of telephone surveys and exit interviews. This indicates that the higher the customer's cooperation i.e. the less their effect on the decision to use CSMT, the higher the positive attitudes towards introducing telephone surveys and exit interviews in order to measure customer satisfaction especially that these techniques can interfere with the customer's life or business.

There is also an important finding concerning the relationship between the effects of the increasing rate of lost customers and exit interviews implying that the higher the number of lost customers, the more exit interviews will be conducted to analyze the reasons for defection of customers.

The last factor which involves the availability of banking facilities was examined along with the use of comment cards, questionnaires, exit interviews.

Negative correlations were found since the more banking facilities are available, the highly indicator that managers will develop positive attitudes towards the application of customer satisfaction measurement techniques in their banks.

Therefore, it can be deduced that commitment of management to customer satisfaction, employee's participation, investment of resources, all help in establishing a successful customer satisfaction measurement program which in turns can lead to provide better services, achieve a high customer satisfaction index and consequently realize greater profits.

5.2 Recommendations

Some recommendations regarding the study can be given:

- Managers should increase their knowledge about the concept of measuring customer satisfaction and the various tools used for that purpose.
- Employees should also be taught about the importance of measuring customer satisfaction either through training programs or seminars. They should also be rewarded for their performance.
- Customers should be encouraged to complain and to participate in the resolution of their problems in order to realize that they are important for the organization. They must be invited by managers to give suggestions to solve their problems.
- Standards of performance should be set in order to be compared to the actual and achieved performance so as the company knows where it stands and how it can improve.
- Establishing customer information systems that record all the information about the needs of customers, their suggestions and their complaints.

5.3 Limitations of the study

The research conducted on the application of CSMT in major Lebanese banks has three major limitations:

- The first one is due to the small size of the sample chosen for the study. For example, it was difficult to collect more than 150 questionnaires from customers due to the fact that many of them refused to cooperate and others did not have time to participate.
- The second limitation is attributed to the fact that some questions regarding attitudes towards the effects of customer satisfaction on the organization and the role of employees in tracking customer satisfaction were answered positively in order not to affect the image of managers.
- This study is limited to one group of banks, that is the Alpha Group (deposits over 200 million USD). Therefore, it cannot be generalized to others.

5.4 Future research

Finally, future research is recommended to take into consideration the limitations mentioned previously and to investigate factors that are associated with managers' attitudes towards the importance of customer satisfaction and the application of CSMT. Moreover, generalization of the concept of measuring customer satisfaction in Lebanese banks can be determined through conducting

APPENDIX A: SAMPLE OF MANAGER'S QUESTIONNAIRE

Dear respondent :

This questionnaire is part of my research conducted for the achievement of a Master Degree in Management Science.

The purpose of the research is to study management's assessment of customer satisfaction measurement techniques in the leading lebanese banking sector.

Your responses will be very confidential and will not be used for any other purpose.

Kindly fill in this questionnaire and remember that frank answers are highly required.

**Thank you
Lina Mahfouz
School of Business - Master Program
Lebanese American University (LAU)**

A - Demographic and personal questions

- Current position in the bank _____
- Number of years of experience in this bank _____
- Years of previous experience , if any _____
- Highest level of education you have achieved _____
- Your age _____
- Number of branches of the bank _____
- Number of employees in the bank (including branches) _____
- Number of subordinates reporting to you _____

B- Management's awareness of the effects of customer satisfaction on the organization

Please put a (√) for the answer that fits your opinion concerning the effects of customer satisfaction on the operations of the business.

S.D- Strongly disagree

D- Disagree

U- Uncertain

A- Agree

S.A- Strongly agree

- Increasing customer satisfaction increases the value of a firm's customer assets and future profitability
- An organization that achieves high customer satisfaction does not need to spend as much to acquire new customers each period
- An increase in customer satisfaction enhances the overall reputation of the organization

	S.D	D	U	A	S.A
- Increasing customer satisfaction increases the value of a firm's customer assets and future profitability					
- An organization that achieves high customer satisfaction does not need to spend as much to acquire new customers each period					
- An increase in customer satisfaction enhances the overall reputation of the organization					

- Low customer satisfaction implies incurring higher acquisition costs to attract customers who are satisfied in dealing with other organizations
- Satisfied customers, by talking to others, can be very influential in developing new customers for the organization
- The customer will continue working with a particular business as long as this business continues to keep him happy
- Managers should be aware of the requirements of a good service in order to be able to improve customer satisfaction
- An organization that has strong customer loyalty ensures a continuous future cash flow
- The cost of attracting new customers is much more higher than the cost of keeping them

	S.D	D	U	A	S.A

C-Management's attitudes towards the role of employees in tracking customer satisfaction

This section attempts to see the role of employees in tracking and measuring the satisfaction of customers in your organization, kindly put a (✓) for the best answer

S.D - Strongly disagree

D- Disagree

U- Uncertain

A- Agree

S.A- Strongly agree

- We encourage employees to suggest ways to determine the customer's level of satisfaction
 - We encourage employees to participate in the management and conduct of the business
 - We regularly talk to employees about the importance of keeping our customers satisfied
 - We do reward employees who perform well in servicing and satisfying customers
 - We regularly communicate the needs of customers to our staff
-
- We encourage teamwork in order to create a satisfied workforce
 - We perform training programs to employees on how to interact with customers
 - We believe that satisfied employees create better satisfied customers
 - Employees can provide valuable information about the needs of our customers and how to meet them
 - It is impossible to achieve customer satisfaction without employee's support and cooperation

	S.D	D	U	A	S.A

D-Techniques used for tracking and measuring customer satisfaction

This part of the questionnaire presents the tools used in the operations of the business for measuring customer satisfaction. You are kindly requested to put a (✓) for the right answer.

- Do you agree that one of the main functions in any organization is to measure customer satisfaction?

☐ Yes ☐ NO

- Do you think that establishing customer satisfaction measurement programs is essential in order to assess the opinions of customers?

☐ Yes ☐ NO

- Do you agree that the role of good satisfaction measurement programs is to provide an understanding of customers' needs and expectations?

☐ Yes ☐ NO

- Are you sure about how increasing customer satisfaction can give you an edge over your competitors?

☐ Yes ☐ NO

- Do you have a special department for handling and managing customer complaints?

☐ Yes ☐ NO

- Which of these functions does your customer complaint department perform? (you may put a (✓) for more than one answer).

- ☐ Identifying the customer's problem and understanding precisely what has irritated him
- ☐ Offering a solution and getting the customer's agreement that this will solve his problem
- ☐ If the solution will take time, provide a tracking system so the customer can participate in the resolution of his problem
- ☐ Recontact the customer to assess his satisfaction with the way his problem was handled and the solution provided by the company

- Are comment cards available to make it easy for customers to complain?

☐ Yes ☐ NO

- Do you agree that handling customer complaints effectively can help in increasing customer satisfaction and customer loyalty?

☐ Yes ☐ NO

- Have you ever sent questionnaires to some customers to find out how they feel about the services provided by the company?

☐ Yes ☐ NO

- How often do you think should customer surveys be conducted?

☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually

- Do you make telephone calls to a random sample of customers to determine any problem they have with your service?

☐ Yes ☐ NO

- Have you ever hired persons to act as potential buyers to report findings on strong and weak points they experienced in doing business with your company? (this process is called Mystery shopping-Ghost Shoppers)

☐ Yes ☐ NO

- Do you agree that mystery shopping can improve the quality of the service and better maintain customer relationship?

☐ Yes ☐ NO

- Do you usually contact customers who have stopped doing business with your company to see why this happened?

☐ Yes ☐ NO

- Do you agree that number of lost customer, if it is increasing, clearly indicates that the company is failing to satisfy its customers?

☐ Yes ☐ NO

- Do you consider talking to customers who stopped buying your services a waste of time and has no significant value?

☐ Yes ☐ NO

E- In your opinion, do the following factors exercise a strong, medium, or no effect on the decision to use customer satisfaction measurement techniques? Kindly put a (✓) for the best answer

	A-Strong effect	B-Medium effect	C-No effect
	A	B	C
- Management skills and capabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Employees' participation and cooperation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Cost of implementing such techniques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- The use of customer satisfaction measurement techniques by other banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Management's concern for customer satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Bank's customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- The increasing rate of lost customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- The budget allocated for these techniques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Banking facilities (computers to build in customer files, departments available, telephone lines for receiving complaints and suggestions, etc.....)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Other factor(s), Please specify.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

F- Comments, if any

Thank you for your cooperation

APPENDIX B: SAMPLE OF CUSTOMER'S QUESTIONNAIRE

Dear respondent :

This questionnaire is part of my research conducted for the achievement of a Master Degree in Management Science.

The purpose of the research is to study management's assessment of customer satisfaction measurement techniques in the leading lebanese banking sector.

Your responses will be very confidential and will not be used for any other purpose.

Kindly fill in this questionnaire and remember that frank answers are highly required.

**Thank you
Lina Mahfouz
School of Business - Master Program
Lebanese American University (LAU)**

A- Demographic section

Kindly answer the following questions:

- Your occupation _____
- Your education _____
- Your working experience with this bank _____
- Name of the bank you worked with before,if any _____
- Your monthly income _____
- Your age _____
- Which of these departments in the bank you deal with?

☐ - Current Accounts

☐ - Credit

☐ - Transfers

☐ - Letter of credit

☐ - Collection

☐ - Other(s), specify _____

B- Attitudes towards customer satisfaction tracking techniques in the bank

Kindly put a (✓) mark for the best answer

S.D = Strongly Disagree

D = Disagree

U = Uncertain

A = Agree

S.A = Strongly Agree

- Comment cards are always available in the bank to make it easy for customers to complain
- We feel free at anytime to suggest ideas and make complaints about the services provided.
- There is a special department in the bank concerned with receiving and managing complaints.
- We are sometimes asked to fill in questionnaires to find out how we feel about the services provided.
- We sometimes receive telephone calls from the bank to determine problems we have with the banking services.
- One of the main functions of managers is to keep customers satisfied

	S.D	D	U	A	S.A
- Comment cards are always available in the bank to make it easy for customers to complain					
- We feel free at anytime to suggest ideas and make complaints about the services provided.					
- There is a special department in the bank concerned with receiving and managing complaints.					
- We are sometimes asked to fill in questionnaires to find out how we feel about the services provided.					
- We sometimes receive telephone calls from the bank to determine problems we have with the banking services.					
- One of the main functions of managers is to keep customers satisfied					

- Employees are always ready to provide customers with any service they need
- Employees are well trained on how to deal with customers
- Customers are encouraged to participate in the resolution of their problems.
- Managing properly customer complaints and meeting customer needs increases customer satisfaction and loyalty.

	S.D	D	U	A	S.A

C- Customers' attitudes towards the banking performance

Kindly state whether the banking performance on the following items is excellent, good, or poor. Put a (✓) mark for the right answer

- Management's assistance for customers
- Employees' cooperation with customers
- Promptness in service performed
- Ability to solve customer problems
- Ability to manage complaints effectively
- Ability to meet customers' needs

	Excellent	Good	Poor

D- Comments, if any

Thank you for your cooperation

**APPENDIX C: LIST OF VARIABLES AND CODES USED
MANAGER'S QUESTIONNAIRE**

<u>Variable</u>	<u>Value</u>	<u>Code</u>
1. Current position (POSITION)	1.Supervisor	1
	2.Assistant manager	2
	3.Manager	3
	4.Director	4
	5.Others	5
2. Years of experience (EXPYRS)	1.Less than 6 months	1
	2.6 months-2 years	2
	3.2 years-4 years	3
	4.4 years-6 years	4
	5.More than 6 years	5
3.Years of previous experience (PEXPYRS)	1.Less than 6 months	1
	2.6 months-2 years	2
	3.2 years-4 years	3
	4.4 years-6 years	4
	5.More than 6 years	5
4. Level of education (EDLEV)	1.High school or less	1
	2.B.A-B.S	2
	3.M.S	3
	4.PH.D	4
	5.Others	5
5. Age	1. 18-25 years	1
	2. 26-35 years	2
	3. 36-45 years	3
	4. 46-60 years	4
	5. More than 60 years	5
6. Sex	1. Male	1
	2. Female	0
7. Number of branches (NUMBR)		number
8. Number of employees (NUMEMP)		number
9. Number of subordinates (NUMSUB)		number
10. MAECSOR 1	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5

11. MAECSOR 2	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
12. MAECSOR 3	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
13. MAECSOR 4	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
14. MAECSOR 5	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
15. MAECSOR 6	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
16. MAECSOR 7	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
17. MAECSOR 8	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
18. MAECSOR 9	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5

19. MARETCS 1	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
20. MARETCS 2	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
21. MARETCS 3	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
22. MARETCS 4	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
23. MARETCS 5	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
24. MARETCS 6	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
25. MARETCS 7	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
26. MARETCS 8	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5

27. MARETCS 9	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
28. MARETC 10	1.Strongly disagree	1
	2.Disagree	2
	3.Uncertain	3
	4.Agree	4
	5.Strongly agree	5
29. MSCS	1. YES	1
	2. NO	0
30. CSMPACO	1. YES	1
	2. NO	0
31. SMPUCNE	1. YES	1
	2. NO	0
32. ICSEDGE	1. YES	1
	2. NO	0
33. DEPTHMCC	1. YES	1
	2. NO	0
34. FUNC 1	1. YES	1
	2. NO	0
	3. NOT APPLICABLE	111
35. FUNC 2	1. YES	1
	2. NO	0
	3. NOT APPLICABLE	111
36. FUNC 3	1. YES	1
	2. NO	0
	3. NOT APPLICABLE	111
37. FUNC 4	1. YES	1
	2. NO	0
	3. NOT APPLICABLE	111
38. COMCRDS	1. YES	1
	2. NO	0
39. HCCICSL	1. YES	1
	2. NO	0

40. SQUEST	1. YES	1
	2. NO	0
41. HOCCS	1. MONTHLY	1
	2. QUARTERLY	2
	3. SEMIANNUALLY	3
	4. ANNUALLY	4
42. TELCALLS	1. YES	1
	2. NO	0
43. MYSSHOPG	1. YES	1
	2. NO	0
44. MSGIQS	1. YES	1
	2. NO	0
45. CCSDB	1. YES	1
	2. NO	0
46. NLCIF	1. YES	1
	2. NO	0
47. TCSBWT	1. YES	1
	2. NO	0
48. FACTOR 1	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
49. FACTOR 2	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
50. FACTOR 3	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
51. FACTOR 4	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
52. FACTOR 5	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
53. FACTOR 6	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3

54. FACTOR 7	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
55. FACTOR 8	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
56. FACTOR 9	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3
57. OTHER FACTORS	A. STRONG EFFECT	1
	B. MEDIUM EFFECT	2
	C. NO EFFECT	3

**LIST OF VARIABLES AND CODES USED
CUSTOMER'S QUESTIONNAIRE**

<u>Variable</u>	<u>Value</u>	<u>Code</u>
1. Occupation (OCCUPN)	1. Student	1
	2. Employee	2
	3. Self-employed	3
	4. Free business	4
	5. Others	5
2. Education (EDLEVEL)	1. High school or less	1
	2. B.A.-B.S.	2
	3. M.S.	3
	4. PH.D	4
	5. Others	5
3. Working experience (WKEXPB)	1. Less than 6 months	1
	2. 6 months-2 years	2
	3. 2 years-4 years	3
	4. 4 years-6 years	4
	5. More than 6 years	5
4. Name of the bank dealt with before (XBANK)	character	

5. Monthly income (MONINC)	1. Less than \$ 500	1
	2. \$ 500-\$ 999	2
	3. \$ 1,000-\$ 2,999	3
	4. \$ 3,000-\$ 5,000	4
	5. More than \$ 5,000	5
6. Age	1. 18-25 years	1
	2. 26-35 years	2
	3. 36-45 years	3
	4. 46-60 years	4
	5. More than 60 years	5
7. Sex	1. Male	1
	2. Female	0
8. Current accounts (CURAC)	1. YES	1
	2. NO	0
9. Credit (CREDIT)	1. YES	1
	2. NO	0
10. Transfer dept (TRANSF)	1. YES	1
	2. NO	0
11. Letter of credit (LOC)	1. YES	1
	2. NO	0
12. Collection dept (COLL)	1. YES	1
	2. NO	0
13. OTHERS	IFOTHW	character
14. ATCSTT 1	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
15. ATCSTT 2	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
16. ATCSTT 3	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5

17. ATCSTT 4	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
18. ATCSTT 5	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
19. ATCSTT 6	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
20. ATCSTT 7	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
21. ATCSTT 8	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
22. ATCSTT 9	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
23. ATCSTT 10	1. Strongly disagree	1
	2. Disagree	2
	3. Uncertain	3
	4. Agree	4
	5. Strongly agree	5
24. CABP 1	1. Excellent	1
	2. Good	2
	3. Poor	3
25. CABP 2	1. Excellent	1
	2. Good	2
	3. Poor	3

26. CABP 3	1. Excent	1
	2. Boc	2
	3. Por	3
27. CABP 4	1. Excent	1
	2. Boc	2
	3. Por	3
28. CABP 5	1. Excent	1
	2. Boc	2
	3. Por	3
29. CABP 6	1. Excent	1
	2. Boc	2
	3. Por	3

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