

The Impact of Personalization and Complaint Handling on Customer Loyalty

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Abstract

The main objective is to determine the impacts of personalization, service quality and complaint handling on the satisfaction and loyalty of current account holders with Chilean banks. Information on these impacts would help bank executives responsible for managing resources to improve offerings that secure customer loyalty. A conceptual model based on criteria found in a literature survey and data from bank customer focus groups is formulated. A personal survey measuring instrument is designed and a structural equation model is applied. This paper offers a methodology for measuring the effects of personalization, complaint handling and perceived quality on the satisfaction and loyalty of current account customers at banks. The measurement of these impacts has not been previously attempted for the Chilean banking sector and should prove useful to industry managers in their decision-making processes. The model results demonstrate that perceived quality and personalization of service, and, to a lesser but still significant degree, good complaint handling, positively impact customer satisfaction and through it customer loyalty. Our findings would be useful to Chilean banking executives in focussing their actions, strategies and loyalty programs to improve the long-term continuity of customers with their respective banks.

Keywords

Author Keywords: Personalization; perceived quality; complaint handling; satisfaction; loyalty

KeyWords Plus: SERVICE QUALITY; SATISFACTION; MODEL