

**A STUDY ON RELATIONSHIPS AMONG SERVICE QUALITY,
BRAND IMAGE, CUSTOMER SATISFACTION AND
CUSTOMER LOYALTY**

**A SPECIAL REFERENCE TO BANK CUSTOMERS IN GALLE
DISTRICT**



By

KALUWADEWA MALKI SANJULA WITHARANA

REG NO: EU/IS/2017/MS/022

INDEX NO: MS 1982



A Project Report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of Business Administration (BBA), Honours in Marketing Management.

**DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA**

2023

ABSTRACT

Currently, competition in the banking is growing. This requires each bank to retain existing customers and add new customers. Of course, customer satisfaction is the main factor that can keep customers afloat and not move to another bank. Customer satisfaction is one of the main goals for every bank. Because it will add value for the bank itself if the consumer is satisfied with the brand image of the bank. To maintain customer satisfaction & Customer loyalty one way that needs to be addressed is to improve the quality both in terms of service and completeness of the facilities that must be adjusted to the needs of the customer.

The objective of the research is to identify the relationship among Service Quality, Brand Image, and Customer Satisfaction & Customer Loyalty of bank customers in Galle district. Structured questionnaire was used as the method of data collection and selected 300 licensed commercial banks' customers (Bank of Ceylon, People's Bank, Commercial Bank and Sampath Bank) in Galle area as the sample of this study.

Convenience sampling method used to make the sampling frame and quantitative research approach used for this study. The data were analysed using descriptive statistics, correlation and regression analysis. The questionnaire consisted with five-point Likert scaling questions to analyze the relationship between the variables. Here, the researcher adopts correlation analysis and Mediating analysis to test the research questions. The results indicated that there has a positive relationship among Service Quality, Brand Image, Customer Satisfaction and Customer Loyalty. This implies that when customers feel satisfied then certainly they will also have a loyalty to the banking services. This study proposes that banking managers should strive to keep and maintain the positive service quality and brand image of banks in order to enhance customer satisfaction and loyalty. Furthermore, a comprehensive discussion on the results referring to literature, managerial implications of the study findings, and further research areas have been discussed in the latter part of this paper.

Keywords: Tangibility, Reliability, Responsiveness, Assurance, Empathy, Service Quality, Brand Image, Customer Satisfaction, Customer Loyalty, State commercial banks, Private commercial banks.

TABLE OF CONTENTS

ACKNOWLEDGMENT.....	i
ABSTRACTS	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES	viii
LIST OF FIGURES	xi
ABBREVIATION.....	xii
Chapter – 1 Introduction.....	1
1.1 Back ground of the study	1
1.2 Problem statement	4
1.3 Research questions	6
1.4 Research objectives	7
1.5 Significance of the study.....	7
1.6 Scope of the study.....	8
1.7 The Organization of the Chapter	8
1.8 Chapter Summary	9
Chapter – 2 Literature review.....	10
2.1 Introduction	10
2.2 Service quality.....	11
2.3 Brand image.....	12
2.4 Customer satisfaction	13
2.5 Customer Loyalty	14
2.6 Supportive theories for study	15
2.6.1 Contrast theory	15
2.6.2 Disconfirmation theory.....	16
2.7 The relationship between service quality and brand image	16
2.8 The relationship between service quality and customer satisfaction	17
2.9 The relationship between service quality and customer loyalty	18
2.10 The relationship between brand image and customer satisfaction.....	19
2.11 The relationship between brand image and customer loyalty.....	20
2.12 The relationship between customer satisfaction and customer loyalty	21
Mediation role of brand image, Customer satisfaction (As mediators)	22

2.13 Chapter summary.....	23
Chapter -3 Conceptualization and operationalization.....	24
3.1 Introduction	24
3.2 Conceptual framework.....	24
3.3 Variables Relevant to the Conceptual Model.....	25
3.3.1 Service quality	25
3.3.2 Brand image.....	26
3.3.3 Customer satisfaction	27
3.3.4 Customer Loyalty.....	28
3.4 Operationalization.....	29
3.5 Hypotheses.....	32
3.6 Chapter summary.....	32
Chapter - 4 Research methodology.....	33
4. 1 Introduction	33
4.2 Research philosophy.....	34
4.3 Research Approach.....	35
4.4 Research Strategy	35
4.5 Methodological Choice	36
4.6 Time horizon	36
4.7 Research area.....	36
4.7.1 Bank of Ceylon.....	38
4.7.2 People's Bank.....	39
4.7.3 Commercial Bank of Ceylon	39
4.7.4 Sampath bank	40
4.8 Population of the study	40
4.9 Sampling Technique/ Method	40
4.10 Sampling Framework and Sample size.....	41
4.11 Method of Data Collection and Source	42
4.11.1 Primary Data.....	42
4.11.2 Secondary Data	42
4.12 Research Instrument.....	42
4.13 Source of Measurement	43
4.13.1 Method of measured the personal information	43

4.13.2 Method of Measuring the Research Information	44
4.14 Pilot study	45
4.15 Reliability of Instrument.....	46
4.16 Unit of Data Analysis.....	47
4.17 Methods of Data Analysis	47
4.18 Method of Data Evaluation	48
4.18.1 Method of Data Evaluation for first objective	48
4.18.1.1. Univariate Analysis (Descriptive Statistics)	48
4.18.2 Method of Data Evaluation for Second Objective.....	49
4.18.2.1 Bivariate Analysis (Inferential Statistics)	49
4.18.3 Method of Data Evaluation for Third Objective.....	51
4.18.3.1 Simple Regression Analysis.....	51
4.18.3.3 Mediation Analysis.....	51
4.18.3.4 Method of Hypotheses	52
4.19 Data Presentation.....	53
4.20. Ethical Considerations	54
4.21 Chapter Summary	54
Chapter – 5 Analysis	55
5.1 Introduction	55
5.2 Reliability Analysis	55
5.3 Data Presentation	56
5.3.1 Data Presentation and Analysis of Personal Information	56
5.3.1.1 Gender	57
5.3.1.2 Age	57
5.3.1.3 Educational level	58
5.3.1.4 Customer’s Current work status.....	59
5.3.1.5 Duration of being customer.....	59
5.3.1.6 Sample distribution by the Bank	60
5.3.2 Data Presentation and Analysis of Research Information.....	60
5.3.2.1 Univariate Analysis	61
5.3.2.2 Bivariate Analysis.....	63
5.3.2.2.1 Correlation testing - Chi Square.....	63
5.3.2.3 Simple Regression Analysis	70

5.3.2.4 Meditative variable analysis.....	82
5.4 Chapter Summery	88
CHAPTER-6 DISCUSSION	89
6.1 Introduction	89
6.2 Discussion of Personal Information	89
6.2.1 Gender	89
6.2.2 Age	89
6.2.3. Educational Level	90
6.2.4. Customer work status	90
6.2.5 Years of Dealing with the Bank	90
6.2.6 The Bank of Customer Dealing.....	90
6.3 Discussion of Research Information	90
6.3.1 Discussion for Objective One.....	90
6.3.1.1 Level of Service quality	91
6.3.1.2 Level of Brand image.....	91
6.3.1.3 Level of Customer Satisfaction	91
6.3.1.4 Level of Customer Loyalty	91
6.3.2. Discussion for Objective 2	92
6.3.2.1 Relationship between Service quality and Brand image	92
6.3.3.1 Relationship between Service quality and Customer satisfaction.....	92
6.3.4.1 Relationship between service quality and customer loyalty	92
6.3.5.1 Relationship between Brand image and customer satisfaction.....	93
6.3.6.1 Relationship between Brand image and customer loyalty	93
6.3.7.1. Relationship between Customer satisfaction and customer loyalty.....	93
6.3.8.1 To identify whether Brand image mediate the relationship between service quality and customer satisfaction in selected state and private commercial banks in Galle.....	94
6.3.9.1 Identify whether Brand image mediate the relationship between service quality and customer loyalty	94
6.3.3.3 To identify whether Customer satisfaction mediate the relationship between service quality and customer loyalty	95
6.4 Findings from Hypothesis Testing	96
6.4 Chapter Summary	100

CHAPTER-7 CONCLUSION AND RECOMMENDATIONS	101
7.1 Introduction	101
7.2 Conclusion	101
7.2.1 First objective of the study.....	101
7.2.2 Second objective of the study.....	102
7.2.3 Third objective of the study	102
7.2.4 Fourth objective of the study	102
7.2.5 Fifth objective of the study	102
7.2.6 Sixth objective of the study	102
7.2.7 Seven objective of the study.....	103
7.2.8. Eight objective of the study	103
7.2.9 Nine objective of the study	103
7.2.10 Ten objective of the study.....	104
7.3 Contribution of the Study	104
7.4 Recommendations.....	106
7.5 Limitations of the Study.....	107
7.6 Future direction for the study.....	108
7.7 List of the references	109
7.8 Appendix 1 : Reseaech Questionnaire.....	127
7.9 Appendix 2 : Output of the Data Analysis	136