

# **FACTORS THAT AFFECTING CUSTOMERS LOYALTY OF KRUNGTHAI BANK PUBLIC COMPANY LIMITED, WATTHANANAKORN BRANCH**

Neungruthai Chaipayong<sup>1</sup>

Chonticha Mathuramaytha<sup>2</sup>

Teetut Tresirichod<sup>3</sup>

Received 23 April 2021

Revised 20 May 2021

Accepted 24 June 2021

## **Abstract**

The research aimed to 1) Study the different demographic factors effecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch 2) Study the factors of service quality affecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch. The research was carried out by using quantitative research method. A questionnaire was used to collect data from 420 users who deposited of Krung Thai Bank in Watthana Nakhon branch, Sa Kaeo Province. The data was analyzed by using descriptive statistics: frequency, percentage, mean, and standard deviation and inferential statistics: t-test and f-test with least significant difference. The research found that 1) the demographic factors of the customer affected customers' loyalty differently at the statistically significant level as of 0.05, and 2) the service quality in terms of tangibles, assurance, responsiveness, and empathy affected the customers' loyalty of Krung Thai Bank, Watthana Nakhon branch in a positive direction at the statistically significant level as of 0.05. The results from this study can be utilized to increase the customers' decision to be committed to use the services from the bank services. Addition, the future research in this study is suggested.

**Keyword:** Deposit, Quality of Service, The Loyalty of the Consumer Bank

---

<sup>1 2 3</sup> Graduate School of Commerce, Burapha University, 139 Longhaad Bangsaen Road, Saensuk, Mueang, Chonburi 20131

<sup>2</sup> E-mail: Chonticha\_m@buu.ac.th

<sup>3</sup> E-mail: teetut@buu.ac.th

## **Introduction**

From the current economic conditions, the competition is higher. Therefore, there is an overall trend that affects strategy formulation to support customer-focused competition. Each bank wants to create innovations that are able to respond to customers in each group with great impression, resulting in customers returning to use the services again, loyalty to the service, and willing to use other types of services as the bank suggests and provides it. Its ultimate goal is to let customers tell or persuade people they know to use the Bank's services. The important point is that the bank must be able to educate, advise and solve problems for customers. The human resource development should be efficient for having a spirit of providing excellent service. Focusing on training service personnel to all levels of customers in order to create professional sales staff. Finally, the development of information technology about financial transactions to be more convenient, economical and secure in order to support today's urban society, especially money transfers and payments.

Therefore, the service is very important for the Krung Thai Bank, Watthana Nakhon branch. The bank should have good, and impressive service, and exceed expectations that are ready to be delivered to all levels of customers. In order to be able to maintain the old customer base and to build a new customer base, the banks should find new effective strategies such as through word of mouth as well as service quality improvement. The literature review can confirm that service quality can successfully encourage the customers keeping themselves with the organization's service provision. Moreover, knowing about different demographic factors of the customer can also help Krung Thai Bank, Watthana Nakhon branch, emphasize providing the right services to right person preferences and needs. Therefore, it is extremely important that the researchers are interested in studying about factors affecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch. The results from the study can suggest the entrepreneurs and interested people to apply the information to their business or branches.

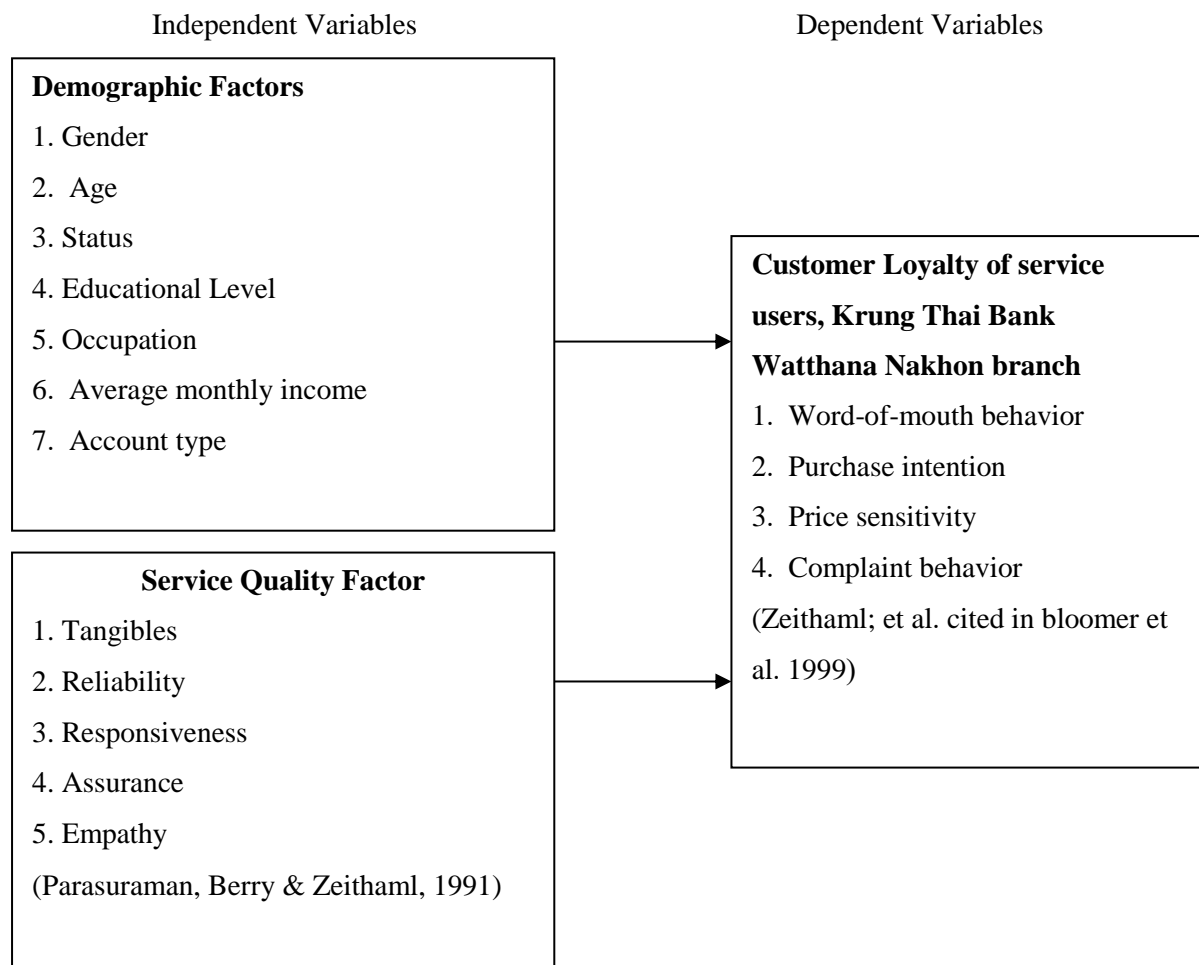
## **Research Objectives**

1. To study the different demographic factors affecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch.
2. To study the service quality factors affecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch.

## **Research Hypothesis**

1. Different demographic factors effecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch.differently.
2. The factors of service quality effecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch.

## Research Conceptual Framework



**Figure 1** Research Framework

## Literature Reviews

Customer loyalty is very significant for many organizations including bank industry since it can lead to customers retention and organization performance (Smith & Wright, 2004; Makanyeza & Chikazhe, 2017). Related to the previous studies, customer loyalty involves customers' attitudes and behaviors intending or purchasing services from the same company, willing to recommend the services to others, positive talking about the services as well as willing to pay for the price premium (Zeithaml; et al. cited in bloomer et al. 1999; Saravanakumar & Jayakrishnan, 2014). The study related to the factors affecting the customer loyalty using Krung Thai Bank, Watthana Nakhon branch as a case study focuses on three issues: demographic factors, service quality and customer loyalty. For the study of demographic factors, various studies have put important analysis since the study believe that different people have different behavior (Jotikasthira, & Onputtha, 2018). In addition, the behavior of the customers can also change constantly. Generally, the demographic factors including gender, age, marital status, educational level, occupation, and average monthly income. However, some other factors are also different based on the study area and sectors. For example, Suengkasemwong (2012) who

studied about the factors affecting the customer satisfaction of Bangkok Bank Public Company Limited, Bangkok Noi branch, and found that the users who had different usage behavior had different levels of service satisfaction. In the meantime, the study from Pattharapornpisit (2010) who studied about the factors affecting the decision to use the service of Krung Thai Bank Public Company Limited located in Saeng Chu To Road in Kanchanaburi province and found that gender and average monthly income did not affect the decision to use the service. Similarly, the study of Sinlamat (2012) revealed that gender and average monthly income had no difference on customer decision to use the services of Government Savings Bank, Klaeng Branch, Rayong Province. Lastly, the study is consistent with Jirakwasan (2012) who advocated that gender, age, education level, average income and occupation did not affect the service usage of the Provincial Waterworks Authority in Pathum Thani Province.

In contrast, Henrique and De Matos (2015) studied about the influence of personal values and demographic variables on customer loyalty in the banking industry and the result found that demographic variables such as gender and income can have an influence on customer loyalty in the banking industry. In the meantime, Mittal, Agrawal, & Gupta (2019) studied about gender difference in customer satisfaction and brand loyalty towards banking services and found that there are variables: demographics, culture and gender causing customer satisfaction and brand loyalty in Indian bank. Consequently, when the demographic factors can be investigated, the right strategies can be provided to match with customers' needs and behaviors.

Another point influencing customer loyalty is about the service quality factors (Parasuraman, Berry, & Zeithaml, 1991). Generally, service quality means the performance of the organization is offered to the customers. Theoretically and practically, there are 5 aspects: tangibility, reliability, responsiveness, assurance, and empathy. Tangibility refers to the appearance of physical facilities, equipment, personnel, and communication material that has been provided to the customers. Meanwhile, reliability refers to the services that have been delivered upon promise. For responsiveness, it refers to the willingness to help customers and to provide prompt service. The most quickest responsiveness can fulfill the customers' satisfaction. For assurance, it refers to the ability of the service organization to create the trust and confidence through employees' knowledge and courtesy. Lastly, empathy refers to the caring, and individualized attention that the organization offers to its customers. Based on review of the literature, Kheng, Mahamad and Ramayah (2010) studied about the impact of service quality on customer loyalty in the bank industry in Penang, Malaysia and found that service quality in terms of reliability, assurance, and empathy can positively affect customer loyalty. Meanwhile, the study from Makanyeza and Chikazhe (2017) found that service quality mediated with satisfaction and corporate image can influence loyalty and suggested that service quality is important for the bank industry to be applied when designing marketing programmes intended to increase customer loyalty.

## Research Methodology

The population is the service users who have a Krung Thai bank account at Watthana Nakhon branch. The samples of the study were drawn by using the calculation from known population with a confidence level of 95% according to the formula of (Yamane, 1970) as follows:

$$n = \frac{N}{1+Ne^2} \quad (\text{Equation 1})$$

n = Number of sample sizes

e = Acceptable Errors or Sampling Discrepancies (Set to be equal to 0.05)

N = The number of service users who have savings bank accounts in Watthana Nakhon branch, Sa Kaeo province is 21,719 people (as of 31 December, 2015).

### Calculation method

$$n = \frac{21,719}{1+(21,719)(0.05)^2}$$
$$= 393$$

The samples were of 393 people from the entire population. In order to prevent incomplete questionnaire responses and non-return of the questionnaire, all 420 people were collected from the service users who have a Krung Thai Bank account, Watthana Nakhon branch. The value of the Cronbach's Alpha was of 0.887.

### Statistical analysis

Demographic statistical analysis used frequency, percentage, mean, and standard deviation. The statistics used to test the hypothesis difference between two groups is independent samples t-test and One-way ANOVA. If the differences between groups are found at a significant level of 0.05, the individual pair test was analyzed using the least significant difference (LSD). In addition, multiple regression analysis was also used to test the influence of independent variables on dependent variables.

## Research Findings

From the processing of data obtained from questionnaires of a sampling 393 people, the result can be detailed as follows:

The majority of the population is female (63.87%), aged 39-46 years (30.53%), having marital status (55.98%), graduating with bachelor's degree (46.56%), working in civil servants (24.17%),

having average monthly income 20,001 - 30,000 baht (33.33%), and use a savings account type (72.01%).

Overall service quality factors influencing the loyalty of service users of Krung Thai Bank, Watthana Nakhon Branch was found to be at the highest level. When considering each dimension, it was found that the tangibility, reliability, responsiveness, assurance, and empathy were rated in the highest level.

Overall customer loyalty of Krung Thai Bank users, Watthana Nakhon branch, was found to be in the highest level. When considering each aspect, it was found that the behavior of complaints, word-of-mouth behavior, purchase intention, and price sensitivity were rated in the highest level.

In relation to hypothesis testing, demographic characteristics of gender, age, occupation status, and average monthly income was investigated and found that there was no influence on the loyalty of the Krung Thai Bank, Watthana Nakhon branch. However, demographic characteristics in terms of account type can influence the loyalty of users of Krung Thai Bank, Watthana Nakhon branch, at the statistically significant level as of 0.05. Moreover, the study of least significant difference indicated that the service users of Krung Thai Bank, Watthana Nakhon branch, with saving account have lesser degree of customer loyalty compared to the users with current account and the users with current account have higher degree of customer loyalty compared to the users with fixed deposit account.

Meanwhile, the multiple regression analysis revealed that service quality factors can influence loyalty of service users of Krung Thai Bank, Watthana Nakhon branch. When considered individually, it was found that the service quality in terms of tangibles, responsiveness, assurance, and empathy can affect the customer loyalty at the statistically significant level as of 0.05 with standardized regression weight as of 0.39, 0.73, 0.66, and 1.75, respectively. The Table 1 shows the significant values derived from multiple regression analysis.

**Table 1** An analysis of the service quality affecting the customer loyalty of Krung Thai Bank, Watthana Nakhon branch

<b>Variables</b>	<b>b</b>	<b>S.E</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.59	0.39		4.05	0.000
Tangibles	0.38	0.13	0.39	2.91	0.000*
Reliability	0.36	0.11	0.51	3.27	0.110
Responsiveness	0.62	0.10	0.73	6.53	0.000*
Assurance	0.51	0.19	0.66	5.05	0.001*
Empathy	.182	0.05	1.75	3.42	0.001*

\*Significantly at a level of 0.01.

Adjusted R<sup>2</sup> = 0.69; Durbin-Watson = 2.01

## Discussion

From the study, it can be concluded that different demographic factors in terms of gender, age, occupation status, and average monthly income did not affect the loyalty of Krung Thai Bank, Watthana Nakhon branch service users. However, different demographic factors in terms of account types affected the loyalty of Krung Thai Bank, Watthana Nakhon branch service users. In addition, the study found that the service users with saving account have lesser degree of customer loyalty compared to the users with current account and the users with current account have higher degree of customer loyalty compared to the users with fixed deposit account. This is due to that the users with different account types are interested in different interest rates provided by the banks. This is consistent with the research of Suengkasemwong (2012) who studied about the factors affecting the customer satisfaction of Bangkok Bank Public Company Limited, Bangkok Noi branch, and found that the users who had different usage behavior had different levels of service satisfaction. In addition, this study also is consistent with Pattharapornpichit (2010) who studied about the factors affecting the decision to use the service of Krung Thai Bank Public Company Limited located in Saeng Chu To Road in Kanchanaburi province and found that gender and average monthly income did not affect the decision to use the service. Similarly, the study of Sinlamat (2012) revealed that gender and average monthly income had no difference on customer decision to use the services of Government Savings Bank, Klaeng Branch, Rayong Province. Lastly, the study is consistent with Jirakwan (2012) who advocated that gender, age, education level, average income and occupation did not affect the service usage of the Provincial Waterworks Authority in Pathum Thani Province.

From the study, the result indicated that service quality in terms of tangibles, responsiveness, assurance and empathy can affect the customer loyalty of Krung Thai Bank users in a positive direction. The researchers have the opinion that these variables are the most important thing that can create a competitive advantage and meet the needs of customers to build loyalty to the bank. The bank must have a good image and clear policy different from other banks to focus on creating tangible value to clients that the given service is unique and has outstanding features. Consistent with the research of Chongjaratpun (2011) studying about the business strategy, marketing strategy, customer behavior, and customer satisfaction in Bangkok Bank Public Company Limited, Micro Branch; the result found that the customers were most satisfied with the overall image of the bank which comes from stable and reliable services. In addition, the result is also consistent with the research of Thamsuratt (2011) who found that service quality factors can affect service decision and brand loyalty of private hospitals in Bangkok. However, the study found that reliability is not significant because the service quality in terms of reliability has been considered as the basic principle that all the banks need to have. Therefore, it is not counted as the determinant factor influencing the customer loyalty.

### **Suggestions from the study**

From the study, the result suggests as follows. Because the account types owned by the bank service users can influence on customer loyalty; therefore, the managers should consider designing the good marketing strategies and programs in order to promote customer loyalty. The most satisfied bank account type can lead the decision to continuous usage of bank services. Another important suggestion is that the service quality in terms of tangibles, responsiveness, assurance, and empathy should be well crated to the customers. This can include to consider bank location, facilities, responsiveness, technology, and individual understanding on the customer needs.

### **Suggestions for the future research**

1. From this study, it was found that different demographic factors did not influence the loyalty of Krung Thai Bank, Watthana Nakhon branch. Therefore, there should be a marketing study for the service that customers want.

2. From the study of the deposit service details, it was found that most of the users choose to use the savings account type deposit service. But nowadays, the bank focuses on fixed account type products because it is a long-term deposit. Customers can choose the time to deposit according to the suitability of each person and the fixed deposit type has higher interest than the savings account type. Therefore, the fixed deposit type that customers need should be further studied in order to know the attitude and needs of the users.

3. From the study, it was found that factors of tangibles, empathy, responsiveness, and reliability influence the loyalty of service users of Krung Thai Bank, Watthana Nakhon branch. There should be a study with an emphasis on customer needs, product type, and service models, which can result in the customers' decision to use the service and to create loyalty to the bank.

4. From the study, it is limited to specific areas in Watthana Nakhon District, Sa Kaeo Province; therefore, the future research should expand to other areas and compare the result.

### **References**

- Bloemer, J., Ruyter, K. D. & Wetzels, M. (1999). Linking perceived service quality and service loyalty: A multi-dimentional perspective. *European Journal of Marketing*, 33(11/12), 1082-1106.
- Chongjaratpun, N. (2011). *Business strategy, Marketing strategy, Behavior and satisfaction of customers using Bangkok Bank Public Company Limited, Micro Branch Branch Case studies, Thammasat College, Tha Prachan*. (Master's Thesis, Major in Marketing, Graduate School, University of the Thai Chamber of Commerce).
- Henrique, J. L. & De Matos, C. A. (2015). The influence of personal values and demographic variables on customer loyalty in the banking industry. *International Journal of bank marketing*, 33(4), 571-587.



- Jirakwan, K. (2012). *Factors affecting service provision: a case study of the Provincial Waterworks Authority in Pathum Thani Province*. (Independent Study of Master of Business Administration, Department of General Management, Rajamangala University of Technology Thanyaburi).
- Jotikasthira, C. & Onputtha, S. (2018). Factors associating with purchasing decision of gems and jewelry and possible implication of online marketing to empowering entrepreneur's sale performance. *International Journal of Applied Computer Technology and Information Systems*, 7(2), 47-55.
- Kheng, L. L., Mahamad, O. & Ramayah, T. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International journal of marketing studies*, 2(2), 57-66.
- Makanyeza, C. & Chikazhe, L. (2017). Mediators of the relationship between service quality and customer loyalty. *International Journal of Bank Marketing*, 35(3), 540-556.
- Mittal, M., Agrawal, S. & Gupta, R. (2019). Gender Difference in Customer Satisfaction and Brand Loyalty Towards Banking Services. *IUP Journal of Marketing Management*, 18(1), 23-38.
- Parasuraman, A., Berry, L. L. & Zeithaml, V. A. (1991). Perceived Service Quality as a Customer-Based Performance Measure: An Empirical Examination of Organizational Barriers Using an Extended Service Quality Model. *Human Resource Management*, 30, 335-364.
- Pattrapornpichit, A. (2010). *Factors Affecting the Decision to use Service Krung Thai Bank Public Company Limited, Branch Sangchuto Road, Kanchanaburi Province*. (Master's Thesis, Graduate School, Silpakorn University).
- Saravanakumar, G. & Jayakrishnan, J. (2014). Effect of service quality on customer loyalty: Empirical evidence from co-operative bank. *International Journal of Business and Administration Research Review*, 2(4), 87-94.
- Sinlamat, W. (2012). *The enhancement of services of the Government Savings Bank, Klaeng branch. Rayong province*. (Master's Thesis. University of the Thai Chamber of Commerce).
- Smith, R. E. & Wright, W. F. (2004). Determinants of customer loyalty and financial performance. *Journal of management accounting research*, 16(1), 183-205.
- Suengkasemwong, N. (2012). *Factors Affecting User Satisfaction of Bangkok Bank Public Company Limited, Bangkok Noi Branch*, Rangsit University.
- Thammasurat, S. (2011). *Factors of Service Quality that Affect Service Decision and Brand Loyalty Of private hospitals In Bangkok*. (Master's Thesis, Bangkok University).
- Yamane, T. (1970). *Statistic: An Introductory Analysis*. Tokyo: Harper International Edition.
- Zeithaml, V. A. Berry, L. & Parasuraman, A. (1999). *Delivery quality service: Balancing customer perception and expectations*. NY: Free Press.