Research on Factors to Influence Customer Loyalty of Aksu Rural Commercial Bank

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Abstract: Since the reform and opening up, the banks in China have been open in the round. The competition between banks is becoming increasingly fierce and the phenomenon of homogeneous bank products is exacerbating, which makes the influence on the low customer loyalty of the banks during the process of customer management. In this regard, the banks shall address the problems about how to retain the customers who are less loyal. Compared with the other four major banks, it is particularly important for Aksu Rural Commercial Bank, as the local bank in Aksu, to improve the customer loyalty. Therefore, the paper makes an analysis on the factors affecting the customer loyalty of Aksu Rural Commercial Bank and puts forward the countermeasures to strengthen the client loyalty to Rural Commercial Bank.

Introduction

As the local business integration between financial products and currency credit business provided by the local, Aksu Rural Commercial Bank insists in the competitive strategy core to keep absorbing and maintaining customers as well as expanding market share. In China, the banking industry is at the frontier to push forward the customer relationship management and has been awakened the fact that the loyal customers who can bring competitive advantage are intangible assets for enterprises. And the one winning the loyal customers can seize the market and development opportunities.

Value Analysis on Customer Loyalty of Aksu Rural Commercial Bank

It is shown in the data that the cost spent on winning a new or potential customer for a bank is more than five times that of maintaining a regular customer. Better understanding and trusting the business better than the new customer, the partnership can be easily shaped among the loyal clients of the bank and the conventionalization of trades can greatly curtail the transaction expenses for the bank, including the search costs, negotiating costs and performance costs. Secondly, the loyal customers work to reduce the service cost of the bank. The service cost of the old customers is much lower than that of the new customer. For example, the calls for new customers are much more than the old customers in registered customer service telephone for Banks of Commerce, because the new customers who are unfamiliar with the products and services of the banks shall be guided by the enterprises, while the loyal regular clients who are highly acquainted know the access to banking services conveniently. In this regard, the service cost paid by the bank will be lower when the customers are retained longer and the loyalty is higher.

Owing to the trust and preference to the enterprises, the loyal customers will repeatedly purchase the products and services of their loyal banks and even increase the volumes or frequency during the course of purchasing. Moreover, they will also trust the other products of the enterprise because they believe in the long term, so that the incremental buying and cross buying of customers can be realized to guarantee the increasing rising sales of banking products and services.

In current society where a variety of advertising are flooding, people become increasingly trusting in the advertising and the good reputation appears particularly important. Public praise is perceived as the strengthening word-of-mouth propaganda effect which is gradually shaped to the outside world in the process of obtaining satisfaction and sense of honor when consuming, and the

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word of mouth is more persuasive than advertising. It is shown in the researches that one highly loyal customer will recommend products and services to five people on an average basis, indicating that the customer loyalty plays a role in both cutting down the cost of developing new customers and strengthening the customer team for the banks.

As the benign consumers, the loyal clients are more concerned about what the products or services are than the general customers. They repeat the purchases from the bank and are insensitive to the price of their products or services, never seeking price discounts intentionally. As shown in the researches, the loyal customers in many industries pay higher than the new customers.

Analysis on Factors Influencing Bank Customer Loyalty

It is vital for the banking industry to analyze the influencing factors of customer loyalty and find out the approaches to cultivate and improve the loyalty during the process of managing customer relation. Generally speaking, the factors affecting the bank's customer loyalty can be divided into satisfaction and restriction factors.

As one relative concept, customer satisfaction is the results of comparing customer perception with customer expectation, and they will feel relatively satisfied when the perception exceeds what they are expecting. In banking industry, the factors that affect customer satisfaction can be categorized into business type, convenience and rapidity, public image, popularity, service quality, charging standard, safety, personnel quality and environmental facilities. The realization of customer loyalty is based on their satisfaction, the customers shall be extremely satisfied before winning the clients who are really loyal for the Banks of Commerce. On this basis, the relationship between enterprises and customers can be further developed and the loyalty of consciousness and action can be increasingly achieved.

Restriction factors specifically consisting of switching costs, social culture and social regulation refer to some elements to shackle the existing consumption patterns without changing them. And the switching costs, namely the one-time cost produced by the customer's transferring from a bank to another bank, is not merely economic but also time-related, energy and affectional. When the conversion costs of bank customers are higher than the benefits brought by the conversion, they will think twice before acting despite that they are not fully satisfied with the product or service.

Suggestions to Enhance Customer Loyalty

The customer satisfaction is highly correlated with customer loyalty. Generally speaking, the customer loyalty is based on the satisfaction. Among the factors affecting the loyalty of clients, the customer satisfaction is most influential. Firstly, the banking products and services oriented by customer's demands shall be constructed. At present, there are severely homogeneous products in commercial banks, which calls for more attention to details in designing products for the banks to show the products different from the others. For the sake of innovating products, the commercial banks shall investigate thoroughly and meticulously when developing and selling the products and shall effectively understand the needs of target customers after the market segmentation. And the customization shall be adhered to meet the diverse financial needs of customers. The target customers shall be selected on the basis of segmenting the market in the proper way and the suitable financial products and services shall be provided according to individual demands. Only in this way, can the customers be kept and their loyalty be retained. Secondly, the channels for banking services and product shall be expanded. For the Banks of Commerce, it is expected to plan the physical and electronic channels in accordance with the urban construction process and the geographical distribution of target customer base. The outlets and service counters shall be added gradually, the network arrangements and business network settings shall be optimized, and the network service capabilities shall be improved. On the other hand, it shall expedite the development of self-service business, better the delivery of self-service equipment and practical management system, strengthen the diversion of electronic banking on counter business and make the best of electronic banking

support center to enhance the service effectiveness and efficiency. Secondly, the customer's layered services quality shall be reinforced. The customer databases are expected to establish in the commercial banks and the customers shall be managed by level. And it shall subdivide the customer market to define marketing focus and provide the differentiated services to different customers. Different customers differently contribute the bank profits, and 80% of the profits of the banking industry come from the 20% profitable customers. Many of the customers fail to bring profits to the banks and even create losses, so the banks shall categorize the customers for management based on the profits contribution, in which the customers of high quality shall be provided with the services which are more comprehensive and efficient to fully reflect their values. And then, the complaint service system of banks shall be perfected. It is demonstrated in the data that more than 90% of the unsatisfied customers never complain but select the other banks. The complaint is the way in which the customers place the hopes on the improvement of banks and is to embody the trust in banks. Moreover, the customer complaints can help the banks in finding out problems and making unremitting self-improvements. For the banks, it is expected to improve the complaints acceptance, handling, response and management as well as launch the customer-oriented complaint closed-loop management. Instead of merely responding to the complaints from customers, it shall also analyze, call to account and pay a return visit to the complaints, grasping the opportunity to achieve customer loyalty by handling customer complaints. Ultimately, the service quality and attitude of bank staff shall be effectively improved. The banking services are marked by simultaneous production and consumption, so the staff is extremely crucial. It shall not only deepen the concept training of staff, uphold the philosophy of modern financial services and fully realize the service concept which is customer-based. Furthermore, the skilled business operation ability of staff involved in banks shall be cultivated to get started on business accurately in the shortest possible time, the attitude to serve enthusiastically is required to answer the problems proposed by the customers patiently and expertly, and they shall be acquainted with various financial and marketing knowledge.

For the Banks of Commerce, the excellent corporate culture shall be built from two aspects both internal and external. In the process of internally building the enterprise culture, the employees' behavior shall be increasingly standardized since all words and actions of staff reflect the overall quality of the enterprise and have a stake in the enterprise’s image. Via strengthening the standardized construction, the enterprise spirit can be shaped and the cultural connotation of our bank can be enriched. In a bid to better propagandize the enterprise image, it shall strengthen the integration of the overall image, condense the internal strength of the staff, create a humanized atmosphere suitable for the corporate image and display the corporate culture of the banks through various channels. And the banks can build a bridge and maintain good relations with all sectors of society by the essential public benefit and public relations activities, so as to shape the good enterprise image for the public.

Firstly, it shall improve procedural costs, including economic risk costs, search and evaluation costs to banking products and services as well as the learning costs spent in establishing relationships. The larger the procedural costs are, the less willing the customers are to leave the enterprises. For the banks, they can strengthen the customers’ risk perception on the competitive products with the help of relevant publicity, allowing the customers to understand the economic risk costs arising from their’ leaving from the enterprise. Additionally, they can also “train” the clients in various manners to increase the investment in learning for them and improve their procedural switching costs. Secondly, it shall increase emotional cost, namely the psychological or emotional loss triggered by the broken business relationship for the customers. The customers shall be provided with more humanized and customized products to set up the one-to-one relationship emotionally. Furthermore, emotional maintenance with the large categories covers the greetings and best wishes to our customers during the holidays in the traditional sense, as well as the care and concern to the customers. When contacting with the clients, it is expected to pay careful attention to their mental state as well as speech and behavior and understand the various situation in the recent days, ranging from the demand for financial services to the household chores. It shall care for the

clients like the friend relationship, so as to get the satisfaction of customers with the true feelings and keep improving the customer loyalty. Eventually, it shall add the financial costs, mainly the loss of measurable financial resources resulting from the customer's leaving from the enterprises. It is divided into the cost of benefit loss and monetary loss. In this way, the enterprises are required to appropriately take the measures like providing the regular customers with various conveniences, high-quality service and economic benefits during the process of building and remaining the relationships with customers at other times. For example, the customers of China Minsheng Bank are sent a variety of novel holiday gifts according to their level during China's traditional festivals.

Conclusion

In today's fierce competition between the banks, the development of new customers is as important as maintaining regular customers for banks, and it is highly crucial to strengthen the customer loyalty as one of evaluation criteria to retain the regular customers. Accordingly, the banks shall find out the factors to affect the customer loyalty and initiate the relevant measures to improve the loyalty since the benefits of the banks are influenced by the improvement of authentic customer loyalty in banks.

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