

Abstract

Being the main banker often enable banks to secure the share of customer's wallet. However, this position is under threat in view of further market liberalization and technology advancement in the industry. Previous studies have shown that organizations are able to achieve market leadership by delivering comprehensive value delivery strategies which comprise of operational excellence, product leadership and customer intimacy. As organizations often have limited resources, it is paramount to select one of the three value disciplines to be delivered above industry standards but at the same time, ensuring that the other two value disciplines which are not selected, continued to be delivered within industry standards. As such, understanding what customers' value becomes crucial in order to implement the right value delivery strategies especially in a competitive banking landscape such as in Malaysia. Thus, this paper serves to examine the perceptions and expectations of retail banking customers on the value disciplines delivered by their main banker in Malaysia. A survey through self administered and electronically disbursed questionnaire was deployed from July to August 2010. Of a total of 500 questionnaires distributed, 312 were returned indicating a response rate of 62.4%. The survey indicates that retail banks were perceived to exhibit the same value discipline i.e. operational excellence. Though this was inline with customers' expectation and preference, however it confirms the lack of differentiation among banks. While comparing expectation and perception of the different value disciplines, the gap in customer intimacy requires further attention as this could possess an opportunity for the bank to be different from their competitors. Results indicate that there is a relationship between customer's value perception and the different dimensions of service loyalty i.e. behavioural, atitudinal or cognitive loyalty while there was no significant relationship between the type of bank (whether local or foreign) or the type of facilities on service loyalty. Recommendations were provided to retail banks and marketers to leverage on relationship as the next key differentiating factor.

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