Impact of Service Recovery on Customer Loyalty: With Special Reference to People’s Bank

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People’s Bank is a licensed commercial bank incorporated in 1961 with a mandate to support macroeconomic development in Sri Lanka by mobilizing rural savings. As a fully-owned state bank, we partner and support the development of the nation and its people. The aim of the study is to analyze the impact of service recovery measures on customer loyalty by considering a Case company People’s bank. Both primary and secondary data have been collected for this study. In primary data interviews and questionnaires are used. Different theories about customer loyalty and service recovery are discussed in secondary data. Both qualitative and quantitative data are used. Multiple regression analysis is used to analyze the data and give conclusion. Conclusion shows that service recovery measure can impact customer loyalty. It is also concluded that prompt response, material compensation and politeness of employees play important role in service recovery measures and influence customer loyalty.

Theories discussed in the study can be used as basis to develop the strategies in services; these strategies can consider the service recovery measures discussed in this investigation and it can also help People’s bank to know the importance of service recovery process in customer loyalty. Few limitations of this study are; customer loyalty is the objective, not Customer satisfaction. Service recovery may result in customer satisfaction not in customer loyalty. Moreover only two components of loyalty have been examined, word of mouth and repurchase intention. This study is not considering customers who have problems but they did not communicate to the bank.

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