

## Customer Perceptions on the Service Supply And Demand Mismatch Of a State Commercial Bank

Clever Vutete<sup>1</sup>, Chikosha Felix<sup>2</sup>

<sup>1</sup>MBA, Msc Mktng, BCom Marketing Management, Lecturer, ZOU-Harare Region

<sup>2</sup>MBA, B Com Marketing Management, Lecturer, ZOU-Mash-Central Region

**Abstract:** Though customer service performance and customer satisfaction levels in the Zimbabwean banking sector had been thought to be influenced mainly by the inventorylessness, intangibility, inseparability and inconsistency services generic features, and manifested through the length and magnitude of queues since 2007 to 2016, little effort was done to cure such long waiting and queuing problems. Many customers joined the state owned banks like CBZ as they were rated as less risk by new customers and those customers inherited from ailing and closed banks. With CBZ bank currently known for long queues in the 2014 to 2016 period, a quantitative empirical study using 144 quota sampled CBZ bank customers was carried out to establish their feelings and reactions to those long queues. Mixed feelings were established with some customers blaming the bank for abuse of monopoly power and others positively viewing queues as a sign of the bank's popularity. The study recommended CBZ to grow its branch network and be alert to the supply and demand trends so as to match its size with demand patterns and customer satisfaction.

**Keywords:** State bank, customer feelings, queues, demand-supply mismatch, services complexity.

### I. Introduction

The Zimbabwean banking sector has been dogged by perennial bank failures resulting in customers crowding a few stable banks. Commercial bank of Zimbabwe (CBZ) is one such bank that has an enormous customer base. The continual increase in the customer base means a compromise in service quality and therefore customer satisfaction. Long queues and cash withdrawal limits are now the order of the day at CBZ. It is now evident the bank cannot meet customer demand for its services.

This study seeks to analyse customer perceptions on the service supply and demand mismatch at CBZ.

### II. Literature Review

#### Complexity of Service Characteristics, and Supply and Demand Mismatch

There is a general agreement that differences between goods and services exist and that the distinctive characteristics result in challenges as well as advantages for managers of services (Bebko, 2000). The services characteristics are intangibility, perishability, inseparability and heterogeneity.

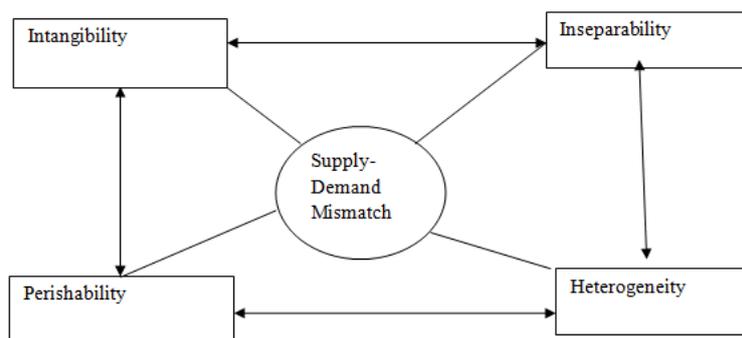


Fig 1: Service Characteristics

#### Intangibility and Service Supply and Demand Mismatch

This is the most basic distinguishing characteristic of services. Services are performances or actions they are not objects, they cannot be seen, felt, tasted or touched in the same manner that you can sense tangible goods. For example, health care services are actions (such as surgery, diagnosis, examination and treatment) performed by providers and directed towards patients and their families. These services cannot actually be seen or touched by the patient, although the patient may be able to see and the components of the service like the equipment or the hospital room. Another example is the service by a tax consultant, very valuable in terms of advice and information but cannot be seen, touched or felt, yet very important to a client. Due to services being

intangible, this affects the way marketers would come up with strategies to market services compared to product and that process has an impact on demand and supply of services (Hoffman and Bateson, 2011). Unless the customers really understand the service benefits and delivery, demand for that service may be low, also when a service delivery is accepted by many customers and service provider has not picked it up, there can be a mismatch of demand and supply. Intangibility also make it difficult for customer to plan about when to buy, to consume, to visit the service suppliers in a more visible way. Predicting demand of services could be made difficult by this variable.

#### **Inseparability and Service-Demand Mismatch**

Whereas most goods are produced first, then sold and consumed, most services are sold first and then produced and consumed simultaneously. Restaurant services cannot be provided until they have been sold, and the dining experience is essentially produced and consumed at the same time (Klassen and Rohleder, 2002). It means that the customer is present whilst the service is being produced. What this implies to a marketer in respect of supply and demand, is that the marketer has to ensure that the service resources are readily available in volume if he has to avoid losing clients, it is very difficult for the service provider to be so sure that customers would require which service and in what volumes, and this lead to the mismatch of demand and supply.

The fact that service firm lack the ability to inventory their products, the effective use of capacity can be critical for success. Idle capacity in the form of unused time, labour, facilities or equipment represents a direct drain on bottom-line profitability (Wilson et al., 2012) Though banks can also encourage customers to use out of site facilities like point of sale and internet banking, customers will likely to feel that it is inadequate without visiting the banking halls. This might lead customers to continually visit the banks and causing some excess demand and long queues.

#### **Heterogeneity and Service Supply-Demand Mismatch**

Because services are performances, frequently produced by humans, no two services will be precisely alike. The employees delivering the service frequently are the service in the customer's eyes, and people may differ in their performance from day to day or even hour to hour (Zeithaml and Bitner, 2003). Heterogeneity also comes about as a result of the fact that no two customers are alike. Each one will have unique demands or experience the service in a unique way. Thus the heterogeneity connected with services is largely the result of human interaction that is between employees and customers and all the vagaries that accompany it. The implication to a marketer in respect of demand and supply is that the marketer needs to know exactly what customers want and when, otherwise you can provide what the customer is not asking for and that creates a demand and supply mismatch. There has to a match between what the customer is requiring and what the supplier is delivering. The heterogeneity factor make bank customers to perceive risks differently, visit banks for different reasons and consume banker's time differently (Armstrong and Seng, 2000). This might cause excess demand over supply of services.

#### **Perishability and Service Supply-Demand Mismatch**

Perishability refers to the fact that services cannot be saved, stored, resold or returned. A seat on a flight or in a restaurant, an hour of a lawyer's time or telephone line capacity not used cannot be reclaimed and used or resold at a later time. A bad haircut cannot be returned or resold to another consumer. However, services such as education and entertainment performances can be captured and replayed or rebroadcast time and time again. To avoid supply and demand mismatch, the marketer has to ensure that services being provided are equal to customer requirement, the marketer has to do a lot of research to be able to balance the two, and customer trends have to be understood more deeply (Wilson et al. 2012). The presence of manned tills without customers during off-peak period cannot be stored and used later during peak periods. Financial service demand could be linked to pay days and other periods, and customers cannot consume those services in advance

#### **Make waiting more pleasurable**

In *The Psychology of Waiting Lines*, David Maister proposes several principles regarding waiting, each of which has implications for how organizations can make waiting more pleasurable or at least tolerable (Zeithaml et al, 2004). They are as follows;

- Unoccupied time feels longer than occupied time When customers are unoccupied they are likely to be bored and will notice the passage of time more than when they have something to do. Thus providing customers with something to do can improve the customer's experience for instance playing entertaining programs over the phone while customers are on hold.
- Preprocess waits feel longer than in-process waits If wait time is occupied with activities that relate to the upcoming service, customers may perceive that the service has started and they are longer actually waiting

(Mudie and Perie, 2006). This in-process activity will make the length of the wait seem shorter and will benefit the service provider by making the customer better prepared when the service actually does begin.

- Anxiety makes waits seem longer When customers fear that they have been forgotten or don not know how long they will have to wait, they become anxious and this anxiety can increase the negative impact of waiting. It is worse when customers are required go through multiple queues and or wait in a wrong queue.
- Uncertain waits are longer than known, finite waits Anxiety is intensified when customers do not how long they will have to wait. Health care providers combat this by letting customers know when they check in how far behind the physician is that day. In a banking environment, management may make customer aware of waiting before they offer redress (Zeithmal, et al., 2004)
- Unexplained waits are longer than explained waits When people understand the causes for waiting, they frequently have greater patience and less anxious, particularly when the wait is justifiable.
- Unfair waits are longer than equitable waits When customers perceive that they are waiting while others who arrived after them have already been served, the apparent inequity will make the wait seem even longer. Queuing systems that work on a first-come, first served rule are best at combating perceived unfairness.
- The more valuable the service, the longer the customer will wait Customers who have substantial purchases or who are waiting for a high-value service will be more tolerant of long wait times and may even expect to wait longer. In a supermarket, a customer has just a few items would expect to be checked through more quickly than a customer who has bought a basketful of groceries.
- Solo waits feel longer than group waits People wait longer when they are in a group than they are alone due to the distractions provided by other members of the group (Zeithmal et al, 2004). There is also comfort in waiting with a group rather than alone. This perhaps the reason why strangers in a queue begin to talk to each other and the waiting experience become fun. The banking environment is always full of people who can start speaking stories and comments.
- Customer Involvement and Queue Management Some service experts have predicted that customer involvement could be the ultimate solution to banking queues (Grove and John, 2003). It is advised that financial services marketers must be innovative to include a right mix of products, services, channels and customers (Lee, 2002). This might help to decongest channels, banking service centres and demand for some products.

### III. Materials and Methods

The researcher used a cross sectional descriptive survey research design to analyse the perceptions of CBZ bank customers on the supply and demand mismatch of CBZ’s banking services. The sample size of 144 was generally adequate for factor analysis since it had an adequate KMO value of 50, 8%. The reliability value as given by Cronbach was at 0.54. This showed high level of reliability of the items used in the study though it is below the 0.80 benchmark. The study used the SPSS package for the analysis of data. The study was premised on the following hypothesis;

**H<sub>0</sub>:** Customer perceptions and reactions to the supply and demand mismatch of CBZ banking services were large.

**H<sub>1</sub>:** Customer perceptions and reactions to the supply and demand mismatch of CBZ banking services were not large

### IV. Results and Discussion

#### Customer Perceptions and Reactions to CBZ Banking Services

This section provides some reactions and expressions by respondents on “long queues” related problems of CBZ’s operations. The discussions of findings were covered under mean value and percentage analysis, and the inter-correlation matrix.

#### The Mean Value and Percentage Analysis of Negative and Positive Perceptions

Some negative perception aspects covered include that of wasting customer’s time and money, being everybody’s bank, being a monopoly bank and not being worried of satisfying customers. Some positive sentiments were on CBZ queues being linked to closure of other banks, being a popular government bank, and offering a good service. The results of the study are shown in the table below.

**Table 1: Customer Perceptions and Reactions to CBZ Bank Queues.**

	Mean	SA	A	NS	DA	SD
<b>Positive Reactions and Perceptions</b>						
CBZ’s queues are caused by closure of other banks(R)	3.53	25.7	30.6	22.2	13.9	7.6
CBZ is a popular government bank in the economy(R)	3.35	17.4	29.9	27.8	20.8	4.2
CBZ have more customers since it offers a good service(R)	3.29	11.8	34.0	31.9	16.3	6.3

<b>Overall Mean</b>	3.39						
<b>Negative Reactions and Perceptions</b>							
CBZ is wasting people's time and money by having long queues	3.69	29.2	30.6	12.5	16.7	11.1	
CBZ is like a Reserve Bank which is everybody's bank.	3.39	15.3	38.2	23.6	16.0	6.9	
CBZ is a monopoly bank which takes advantage of the legal environment	3.00	19.4	14.6	22.9	32.6	10.4	
CBZ is not worried about satisfying customers	2.94	13.2	13.2	35.4	31.3	6.9	
Its better for me to use other banks than continue using CBZ	2.68	13.2	14.6	18.8	34.0	19.0	
<b>Overall Mean</b>	<b>3.14</b>						

**The Negative Reactions and Perceptions**

The worst comment by customers on CBZ bank queues was that it was wasting people's time and money by having long queues (M= 3.69). This could be true since employees could leave their workplaces and homes to spend about four hours waiting to be served by the bank. If that time is converted to money and other resources, we will see the damage of CBZ long queues have on customers. This is a disservice to the society. CBZ is now like everybody's bank (m 3.39) due to its network and some monopoly power. As many Universities, schools, parastatals and other government departments have accounts with CBZ, it makes itself everybody's bank since non account holders will also visit the bank for depositing their rates and fees for those major institutions. This also confirms that CBZ is a monopoly bank which took advantage of the legal environment (M=3.00) to ensure many corporate customers open accounts with it.

This legal environment also requires companies to pay their workers using the financial institution for tax monitoring purposes by Zimra. CBZ was also rated as not worried about solving customer's complaints and needs by a mean value of 2.94. Though this value shows a mixed reaction, long queues generally lead customers to think that their bank is neglecting their needs.

These long queues and delay in making payments by many clients of big institutions have made them to open accounts with other trustworthy banks like FBC bank, Agri bank and foreign owned banks. The question is "Is it noble to lose business due failure in managing long queues?"

Though a few customers said its better for them to use other banks than continuing to use CBZ. Loss of any customer is not a good thing for any progressive bank.

**The Positive Reactions and Perceptions**

Some positive comments on CBZ long queues were also captured in this study. Customers also agreed that CBZ is a popular government bank in the economy. When some banks were closed many customers came and opened accounts with CBZ which confirms its popularity. This is supported by the respondent's popular view that CBZ long queues were caused by closure of other banks (m= 3.53).

Some respondents were also happy with CBZ bank's queues as they said "CBZ have more customers since they offer a good service" with a mean value of 3.29. Though these positive sentiments and expressions point to the key causes of queues, the bank should value the comments by critics who require the bank to improve its service delivery despite various reasons of having long queues. Good services marketing practice requires proactively, empathetic approaches and responsiveness to customer needs. The CBZ bank should correct its perceptions of customer queues into that of opportunity to make money" and build brand loyalty.

**Customer Perceptions on the Supply And Demand Mismatch of CBZ's Banking Services: Inter-Item Correlation Matrix**

**Table 2: Inter-Item Correlation Matrix (Customer Perceptions)**

	a.	b.	c.	d.	e.	f.	g.	H
(a)CBZ is wasting people's time and money by having long queues	1.000							
(b)CBZ is a popular government bank in the economy(R)	.041	1.000						
(c )CBZ have more customers since it offers a good service(R)	-.179	.188	1.000					
(d )CBZ is not worried about satisfying customers	.150	.005	.049	1.000				
(e) Its better for me to use other banks than continue using CBZ	-.030	.045	.162	.150	1.000			
(f)CBZ is a monopoly bank which takes advantage of the legal environment	.255	.010	-.071	-.048	-.017	1.000		
(g)CBZ is like a Reserve Bank which is everybody's bank.	.078	.133	.171	.083	.004	.390	1.000	
(h)CBZ's queues are caused by closure of other banks(R)	.116	-.040	.132	.209	-.117	.246	.248	1.000

Customer perceptions on the long queues of CBZ had positive correlations which are “CBZ is a monopoly bank which takes advantage of the legal environment “and “CBZ is wasting peoples time and money by having long queues”(r=+0.255); and “CBZ;s queues are caused by the closure of other banks” and “CBZ is not worried about satisfying customers” (r=+0.209), such responses indicate that customers perceive CBZ as not in charge of the situation as it pertains to supply and demand mismatch. Negative correlations were found between” CBZ has more customers since it offers good service” and “CBZ is wasting peoples time and money by having long queues” (r= -0.179); and “CBZ’s queues are caused by closure of other banks” and “it’s better for me to use other banks than continue with using CBZ”(R=-0.117).These variables got opposing opinions since the pairs contain both a negative and the positive statement. For example, the respondents who opted to use other banks other than CBZ were not agreeing that queues were not caused by other banks, but by CBZ itself. These perceptions shows customers are generally giving responsibility for solving queues to CBZ bank itself

**Hypothesis Testing: One-Sample T- Test**

**H<sub>0</sub>:** Customer perceptions and reactions to the supply and demand mismatch of CBZ banking services were large.

**H<sub>1</sub>:** Customer perceptions and reactions to the supply and demand mismatch of CBZ banking services were not large

Practical and numerical data shows some overall customer perceptions of what causes bank queues as given by the overall mean which is greater than 3.00, a statistical test basing on 95% confidence interval might show different results. For the hypothesis testing, the researcher carried out a one sample T-Test using the SPSS program and produced the following test results (See table 4.24 a and b)

**Table 3 (a) One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
CustPercept	8	3.2338	.33479	.11837

**Table 4 (b) One-Sample Test**

Test Value = 3.00						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
CustPercept	1.975	7	.089	.23375	-.0461	.5136

**Conclusion:** The test were done at 0.05 level of significance and sought to reject H<sub>0</sub> if p- value is greater than 0.05.since the p-value was 0.089 at 95% confidence interval level and being greater than 0.05, we reject H<sub>0</sub> and conclude that customer perceptions on CBZ bank queues were not statistically significant. This might be caused by mixed feelings of customers on the causes and responsibility of solving bank queues by CBZ bank.

**V. Conclusions**

The study concludes that bank customers had mixed feelings and reactions to the long queues experienced in CBZ. Some viewed the queues negatively by agreeing that CBZ was wasting peoples’ time and money, CBZ is now everybody’s bank, CBZ is a monopoly bank and that CBZ was not worried about satisfying its customer’s needs. The positive comments were that CBZ was a popular government bank, CBZ queues are caused by customers who come for good banking services, and that CBZ bank’s queues are caused by other banks that were closed.

**VI. Recommendations**

Given that some customers had positive attitudes towards CBZ bank’s queues, the bank management should quickly create some promotional material communicate that long queues is now a thing of the past. CBZ bank should quickly clear off queues in each peak period episode to demonstrate that it is a strong bank. CBZ should also open additional branches to deal with these queues since the demand of their services should be increasing.

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