RESEARCH IN PROGRESS: ANALYSIS OF CUSTOMER LOYALTY AND PROFITABILITY DRIVES IN IRAN'S BANKING INDUSTRY

Hamed Dehghan
Allameh Tabataba’i University, Tehran, Iran

Hadi Abdollahi
Allameh Tabataba’i University, Tehran, Iran

Abdollah Tavaneh
Allameh Tabataba’i University, Tehran, Iran

Abstract
The main purpose of this paper is to investigate the loyalty and customers profitability drivers in the banking industry in Iran. Present study is a descriptive survey and to collect data, a questionnaire has been used that 208 numbers of employees in the banking customers in Iran were selected as research sample. In order to investigate the hypothesised relationships in this study, we employ statistical techniques using correlation, chi square ($\chi^2$) and regression analyses. We also made use of descriptive statistics as well such as averages and frequencies using Statistical Package for the Social Sciences (SPSS). Findings of this study reveal that the five dimensions of service quality to varying degrees are important determinants of customer satisfaction and loyalty in Iran’s banking industry. In addition, customers’ perception of their banks’ image and reputation was another important determinant of their loyalty affiliations. Price competitiveness also, was found to be relatively unimportant to perceived customer satisfaction and loyalty. However there was not enough evidence to support the hypothesis that increased customer loyalty results in increased profitability.

Keywords
Customer loyalty, profitability, banking industry, satisfaction

http://dx.doi.org/10.21607/jmsm.2016.0007