EFFECT OF COMMUNICATION AND PERSONALIZATION ON LOYALTY WITH TRUST AS MEDIATING VARIABLE

Karuna Jain

Associate Professor, College of Engineering, Roorkee

Shilpa Bhakar

Assistant Professor, Apeejay Stya University, Gurgaon, email: shilpabhakar@gmail.com

Shailja Bhakar

Assistant Professor, Prestige Institute of Management, Gwalior, email: shailja.bhakar@prestigegwl.org

ABSTRACT

Communication and personalization are two very important factors in services. One of the advantages of services over products is that organization work closer to customers and services are developed and delivered at the same time. Communication helps in understanding the customers and after understanding the requirements of the customers service providers can provide personalized services to each customer and can differentiate their services from other competitors. This research paper was carried out to find the relationship between Communication and personalization with loyalty having trust as the mediating variable. The results indicated communication and personalization affect loyalty with trust as mediating variable whereas they do not affect loyalty individually.

Keywords: Communication, Personalization, Trust, Loyalty

INTRODUCTION

Personalization

Due to stiff competition among products and services, companies have been adopting differentiation strategies to attract and retain customers (Ho 2006), (Tam and Ho 2006). A common differentiation strategy is to personalizing products or services to better meet each customer's needs (Tam and Ho 2006). The growth of interest in one-to-one marketing over the past 10 years (Peppers and Rogers, 1993) has brought the topic of personalization of products, services, and communications to an increasingly prominent position in marketing theory and practice. Both academia and industry have shown keen interest in personalization (Fan and Poole 2006).

To utilize the concept of personalization in marketing it is necessary to define the concept of personalization. "Personalization is the capability to customize communication based on knowledge preferences and behaviors at the time of interaction" (Dyche, 2002). "Personalization is about building customer loyalty by building a meaningful one-to-one relationship; by understanding the needs of each individual and helping satisfy a goal that efficiently and knowledgeably addresses each individual's need in a given context" (Riecken, 2000).

Over the past several years, there has been much work done in personalization focusing on the development of new technologies, understanding personalization from the business point of view, and developing novel personalization applications. Several attempts have been made to define personalization by the industry practitioners and the academic researchers. Some of the representative definitions include: "Personalization is the ability to provide content and services that are tailored to individuals based on knowledge about their preferences and behavior" (Hagen, 1999). "Personalization is the combined use of technology and customer information to tailor electronic commerce interactions between a business and each individual customer" (Personalization Consortium, 2001). Using information either previously obtained or provided in real-time about the customer and other customers, the exchange between the parties is altered to fit that customer's stated needs so that the transaction requires less time and delivers a product best suited to that customer" (Weinberg, Madonia and Cavalieri, 2003) .

Personalization is all about using specific information about a customer to tailor the marketing message uniquely to that individual (Manting, 2010). Gilmore and Pine, (2000) defined personalization as a notion of entirely individualized services, as well as mass customized services. According to (Peppers and Rogers 1997) the process of using a customer's information to deliver a targeted solution to that customer is known as personalization. Till date lot of research is done on the concept of personalization, but absolute consensus about what the term actually means is still not achieved (Sunikka and Bragge 2008). Fan and Poole (2006), explained personalization as a process that changes the functionality, interface, information access, content, and distinctiveness of a system in order to increase its personal relevance to an individual or a category of individuals.

Nunes, Kambil (2001), explained that personalization is utilizing the information about a customer, which enables the firm to correctly match a service or product with the customer's desires and tastes. In other words personalization is an offer by a business of services that are adapted to the customer's needs (Imhoff et al., 2001; Coner, 2003). Mittal and Lassar (1996) explained that personalization is positively associated with customer service evaluation and patronage decisions, especially in exchange situations that entail "people processing service" relative to "possession processing service." While offering options may positively influence satisfaction with the service offering and trust of the bank, small talk may decrease perceived employee performance and trustworthiness of the bank (Surprenant and Solomon, 1987). Gwinner et al., 2005; Mittal and Lassar, 1996 also stated that service firms routinely practice personalization during face-to- face service encounters. Ansari and Mela, 2003; Winer, 2001) added that service firms increasingly use information technology applications to personalize products and services to develop longer term, more personal relationships with their valuable customers.

According to Dwayne Ball, Pedro S. Coelho, Manuel J. Vilares, 2006 personalization of service largely requires three things:

1. Service provider's willingness and capacity to adjust his or her offerings to the individual customer
2. Different desires of the customers
3. Communication (about personalization parameters) between the customer and the service provider

Little is known about how best to design personalization with its various dimensions (Kwisoek Kwon, Cookhwan Kim, 2012). Personalization may be an easy concept to understand but very difficult to implement. (Albert et al. 2004) explained that immediate objectives of personalization are to understand and deliver highly focused, relevant offerings matched to users' needs and contexts. But then (Ho 2006), emphasized on the fact that the long-term objective of personalization is to generate more business opportunities.

The information collected from customers need to be used very effectively and efficient at various levels to personalize a service. The first level is to identify the customer by name and address (snail or e-mail). It takes advantage of the easiest data to collect, costs little to use and can be employed in an endless variety of messages. For e.g. rather than using "dear customer", firms can address the customer by name such as "Dear Alex". This communicates a sense of order and accuracy on the part of the firm, as well as suggesting a desire to do further business with the individual. At level two, the focus is on *content* that is uniquely relevant to the individual customer. Transaction histories enable firms to communicate specifically about past purchases. Based on the customer information, organizations have the potential for engaging the customer. The third level focuses on *interaction*. At this level, firms use the data about each customer to directly encourage a response—by making special offers; delivering premiums; or inviting the customer to an event, such as a new product launch or owner club. The marketing thrust at this level is action. Organizations aim to bring the customer back to the retailer to buy or experience a new product, generate a new order or build brand enthusiasm through participation in events. These levels of personalization are equally important in case of products. Since competing products are often very similar to each other, service personalization and support is what makes the difference. Service personalization endows the customer a feeling of being special and the company the possibility to target directly.

The definitions given by various researchers cover various dimensions of personalization, and several important features of personalization emerge from them. (Instone 2000, Wu et al. 2003, Fan and Poole 2006, Sunikka and Bragge 2008) provided framework for personalization by suggesting dimensions of personalization. The first dimension is information. Four aspects of information systems that can be personalized are the information itself (content), how the information is presented (user interface), the media through which information is delivered (channel and information access), and what users can do with the system (functionality). Second, the target of personalization ("to whom to personalize") For example, if a company or system does not have sufficient information about a customer's preferences, or if a customer does not have stable preferences, the company should decide whether it provides a personalized product or service to that customer at that moment. Moreover, the option of individual or group corresponds to one-to-one personalization or one-to-one personalization that represents the level of personalization. Third dimension includes information about customers' preference such as ratings.

In the case of the banking industry, the challenge facing individual institutions is to establish a competitive position that is sustainable over the long term, especially for weakly differentiated products such as current (checking) accounts. In this case customers don't get satisfied just by paying the lowest possible fees and commissions, but they also expect to enjoy a range of other advantages such as high-quality service, special benefits and prompt resolution of complaints.

Banking organizations should not only emphasize on providing personalized services for while promoting their services but also use personalization techniques while handling the customer complaints. The main sources of complaints regarding banking products and services include poor service, transaction errors, erroneous charges and failure to carry out necessary actions (SBIF, 2009). Proper handling of complaints and grievances influences customers' decisions on whether to continue with a given bank product or not.

Loyalty

In the early days the focus of loyalty was on brand loyalty with respect to tangible goods, (Cunningham, 1956); (Day, 1969); (Kostecki, 1994); (Tucker, 1964; (Caruana, 2002). Kerr (1999); Patterson and Smith (2003); Eshghi, Haughton, and Topi (2007); Heskett and Sasser (2010) studied customer loyalty in context of service marketing. The subject has gained attention of service companies because of its importance to the successful running of any business. Thus, many researchers have studied customer loyalty of service organizations, (Oliver, 1997); (Caruana, 2002).

Loyalty is defined in different ways. Oliver (1999) defined loyalty as a "deep commitment and for a customer to become and remain loyal, he or she must believe that the organization he has opted for will continue to offer the best choice alternative". Kotler and Keller, 2006) explained that the delivery of high customer value or exceeding expectations of customers, by what is important to customer, is the key to success. (Gould, 1995) supported it and added that the organization should exceed the expectations of the customers' especially on value, service and dealing with complaints because "a loyal customer serves as testimonial, distributes positive word-of-mouth, and loves to use the company's services".

Customer loyalty is increasingly being recognized by businesses as a path to enhanced profitability in a long term. This increasing concern has mainly been due to intense competition, particularly in service industries, and the current consideration on the relationship between consumers and organizations, which is the core of the relational marketing approach (Olsen and Johnson, 2003). (Oliver, 1997) have also identified that customer loyalty is an important key to organizational success and profit. (Barsky, 1994; Reichheld and Sasser, 1990) added to it and stated that the cost of attracting a new customer is five times more than the cost of retaining an existing customer.

To survive in the era of stiff competition, it is very important companies to have loyal customers. Webster (1994) reported that "customers have become the most important strategic resources to stand against competition". Berry and Parasuraman (1991) indicated that "it will be higher cost of five to seven times for attracting a new customer than keep an existing one". Thus, deep understanding of the term loyalty and its dimensions is required. (Zeithaml, 1981) identified two dimensions of loyalty. One is the willingness to recommend and second is the willingness to pay more. Although companies are realizing the value of keeping customers loyal, but more important is to know how to do it. These days, special customer service and loyalty programs are offered by most of the banks in an attempt to create a feeling of connection and commitment to the institution and thus, increase customer satisfaction and loyalty. Loyalty is the key construct in banking industry. To better focus their efforts at securing customer loyalty, banks must understand what factors effects this construct and their order of importance. Most large companies are interested in obtaining information on the levels of satisfaction and loyalty of their customers. The willingness of clients to continue patronizing a particular business depends on whether it offers and delivers what they want and need. As customer loyalty is a response to a company's actions (Lawfer, 2004) thus, banks should strive to obtain all kinds of information that can be used to personalize services, such as calling patterns of individual users and data consumption. The information so collected can be used to personalize the service for customers', in turn building a base of loyal customers. This opens the door to offering a customized experience based on prior interactions thereby strengthening the relationship between service provider and customer and, at the same time, generating revenue through personalized loyalty and incentive programs. This way banks can strengthen their relationship with their customers' by proactively engaging customers and anticipating their needs in advance. Thus, appropriate services not only help companies to sustain customers' loyalty but also, more importantly, to improve the firm's image in the marketplace.

Oliver (1999) "loyalty is a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". Torres *et al., (*2009) explained that true loyalty may generate word-of-mouth communication which can attract new patients and produce potentially positive cognitive and affective attitudes toward the medical service provider. Torres et al. (2009) explained that "the presence and enhancement of these factors would not only generate but also maintain the process of forming patient loyalty". Reichheld (1996) confirmed that, "the links between customer satisfaction, loyalty and profitability have been well established". "High levels of satisfaction with a service relationship will override service failures, suppress shopping for another service provider, and maintain high compliance" (Forrester and Maute, 2001). Reichheld (1996) claimed that "only a 5% improvement in customer retention can lead to an increase in profitability between 25% and 85%, depending upon industry sector".

Trust

Webster's (1991), defined trust as the assured reliance on the character, ability, strength, or truth of someone or something. Trust, trustworthy, credibility, distrust and suspicion were the words that described the relationship between the service provider and the consumer. Ennew and Sekhon (2007; Huges et al. (2007); Heffernan et al. (2008) studied trust in the context of different service industries including banking sector. (Morgan and Hunt, 1994) stated that trust is one of the most important components in a relationship. As generally customers are not financial experts thus financial services consumers often feels uncertain about the choices regarding financial affairs. Trust upon financial advisor is an efficient way of reducing the uncertainty. Ennew and Sekhon 2007 defined trust as "Individual's willingness to accept vulnerability on the grounds of positive expectations about the intentions or behavior of another in a situation characterized by interdependence and risk". They concluded that levels of trust between the service provider and the consumer are associated with a greater number of products held, female respondents and, to a degree, with age. Komiak and Benbasat (2004), categorized the definitions of trust in three groups; i) conceptual types (trust as belief or attitude) ii) the direct objects of trust (customer trust in salesperson, company or product) and iii) trust in some specific characteristics of a trustee (competence, integrity and benevolence). (Morgan and Hunt, 1994) defined trust as a "customer's confidence in the service firm's reliability and integrity". Crosby et al. 1990; Mayer et al. 1995 identified that the most usual characteristics of trustee are competence, integrity and benevolence. In case of banking industry these can be defined as:

i) Trust in competence: trust in trustee's technical capabilities, skills and know-how.

ii) Trust in integrity: Trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable.

iii) Trust in benevolence: the degree to which a trustee is believed to want to do good to the trustor in a dyadic relationship, aside from an egocentric profit motive (Komiak and Benbasat 2004).

Hoffman et al. (2006) suggests that the psychological aspects of trust should be linked with the engineering trust issues (security, usability, reliability, availability, safety, and privacy). In the context of trust, two components including performance or creditability trust and benevolence trust can be considered (Ball et al. 2006). Trust as a critical variable in the relationship between vendor and customer plays a vital role. (Moorman et al., 1993; Morgan and Hunt, 1994; Lim, Razzaque and Abdur 1997; Garbarino and Johnson 1999; Chaudhuri and Holbrook 2001) studied the effect of trust as a central variable in relationships. Chaudhuri and Holbrook, (2001) elaborated that customers who are not willing to trust a vendor in competitive marketplace are unlikely to be loyal. Trust can be thought of as having two components, performance or credibility trust and benevolence trust (Ganesan 1994), Here performance trust refers to "a customer's confidence in the firm's expertise to provide effective and reliable services" while benevolence trust refers to "a customer's belief in the firm's intentions and motives to place customer interest ahead of company interest", (Ball et al., 2004; Ganesan, 1994; Sirdeshmukh et al., 2002). Singh and Sirdeshmurk (2000) and Singh et al. (2002) explained that benevolence trust (the belief that the service provider is acting the best interests of the customer and will not take advantage of the relationship), at least in consumer markets, may be critical as well. (Ganesan, 1994) further elaborated it and stated that credibility trust (belief that the provider will deliver on promises) is critical in both consumer market and business-to-business contexts.

LITERATURE REVIEW

Moorman et al. (1992) declared that customer loyalty is "an intention to keep a valued relationship". Customer loyalty can be illustrated as the customer's "commitment to a company, or the customer's desire to keep an enduring relationship with the vendor" (Zhang and Prybutok, 2005). It is also defined as a "highly deep commitment to keep on purchasing a product or service in the future regardless of the fact that there are situational factors and marketing efforts which have potential to create switching behavior" (Yim et al., 2008). The value of customer loyalty is that it undoubtedly impacts the company's continual existence and future progresses (Fornell, 1992). According to Grönroos (1995), the most important goal of customer relationship marketing is to obtain and keep customers. Based on previous studies, all marketing activities intend to create customer loyalty. Manager and marketers should highly pay attention to customer loyalty as an important factor that has to be developed if they want to maintain their company and develop its profitability. (Anahita Bagherzad Halimi, Alireza Chavosh, Sahar Hosseinikhah Choshali, 2011).

Since customer loyalty is one of the main important elements which enhance companies' profit, it is very important to investigate factors which create customer loyalty. Nowadays, companies try to increase their loyal customers by taking advantage of some relationship marketing tactics. Personalization is a key tactic for implementing one-to-one marketing strategies that strengthen customer loyalty and often provide a high return on a firms marketing investment. In the case of personalization, a study of the Portuguese banking industry (Ball et al., 2006) postulated and proved that personalization impacts positively on both satisfaction and loyalty. Consumer Personalized services help providers differentiate their offerings and transform the subscriber experience in innovative ways that open up new revenue streams. They are quickly becoming a competitive necessity (, 2010). However, measurement and estimation of the effects of personalization on other critical theory constructs has been lacking (Day and Montgomery 1999).

Banking services that match with customer's needs are usually more satisfactory than unmatched ones. On the other hands, personalized services encourage the customers' to believe that the firm is interested in fulfilling their needs. Personalization seems to be difficult to apply and execute, because personalization means something different in different businesses. Peppers and Rogers (1997) defined personalization as the process of using a customers' information to deliver the required services to the customer. Vazquez-Carrasco and Foxall (2006) studied the relationship between aspects of consumers' personalities and their perception of relational benefits, satisfaction with and active or passive loyalty of 800 Spanish consumers and they found out that the perception of relational benefits improve customers' satisfaction and passive loyalty. Ball et al. (2006) analyzed the influence of service personalization on loyalty and measured some of the psychological dynamics of the process. They proved that service personalization indirectly influences loyalty. The intermediate variable in this relation were service satisfaction and trust. Ball et al. (2006) also investigated the effect of service personalization on loyalty. They concluded that customers who feel they are treated as individuals are more satisfied with their experience and more inclined to remain loyal. Loyal customers buy more, purchase more often, cost less to serve, and have higher retention rates.

When companies and customers interact directly with each other and develop a relationship, personalization is the key due to one-to-one relationships. This tactic can cause the customers' more continued relationship with the company. Personalization is the procedure of collecting customers' information which helps the firm to create products and services that perfectly provide the customer's desires and needs (Nunes and Kambil, 2001). Personalization is a tactic that can maintain a long-term relationship between the company and its customers. This is a personal relationship which a company makes with its customers in order to create more loyalty.

One of the important factors that help the companies to successfully survive in this challenging market today is to maintain enduring relationships with stakeholders. Reichheld and Sasser, 1990, studied a variety of service provider businesses and evaluated the profit per customer by the amount of years a customer had stayed with the company. Consequently, they realized that customers turn out to be more profitable as they stay any longer with a company in all these industries. So, companies have to plan their marketing strategies in order to provide more value for the customer in a way that enables them to retain the customers and increase their loyalty (Kim, Park and Jeong, 2004). It also should be considered that loyal customers may not be satisfied all the time; however, satisfied customers may become more loyal (Fonell, 1992). In order to create successful and valuable customer relationships according to prior studies, it should be considered that a customer-centered approach is mostly required rather than a product-centered approach; therefore, the importance of customers' personal information is undeniable. Companies focus on customers, continuously communicate with them and take advantage of their personal information in order to perform personalization. Consequently, they create more satisfaction in customers and built more customer loyalty.

Appropriate communication from service provider can be helpful, positive, useful and pleasant. Therefore, good communication not only may create customer satisfaction, but also can make a positive influence on provider. The definition of communication also deals with communication from service provider to the customer. This relationship is not mutual (Ball et al. 2004).

Communication, properly-done, causes trust, as might be obvious from observation of human relationships, and as also proposed by Morgan and Hunt (1994) in business relationships. Communication can be personalized letters, direct mail, website interactions, other machine-mediated interactions, and e-mail, or in-person communication with service personnel before, during, and after service transactions. Positive communication from the service provider is helpful, positive, timely, useful, easy, and pleasant; it leaves the customer feeling not only satisfied with the service, but with a positive affect towards the provider. The effect of good communication in a B2C relationship is to increase overall service satisfaction, the customer's trust of the service provider, and loyalty (Ball et al., 2004).

According to Morgan and Hunt (1994), successful relationship communication can be taken into account as a prominent dimension. By means of experimental observations, many authors argued that communication must be employed as an effective means in order to enhance partner's trust to each other (Anderson and Narus, 1990; Anderson and Weitz, 1992; Morgan and Hunt, 1994). Such a means can help partners to construct a system by which resolving disagreement would be possible. (Ganesan, 1994) explained that slow complaint handling may be seen by customers as incompetence and will have a negative effect on credibility and thus on trust therefore in order to maintain customer trust, it is essential that banks have an efficient and effective communication system. According to Rule and Keown (1998), in establishment of any strong alliance, communication is considered as an important characteristic which is also believed to be a core competency. Communication is also important in building personnel's understanding of the firms objectives and creating thorough insights about organizational responsibilities and tasks to attain those objectives. Mohr et al. (1996) described elements such as communication bi-directionality, formality, influence activities and frequency as four characteristics of relationship building communication (Halimi, Chavosh, Hosseinikhah Choshali, 2011).

When a company communicates well with the customer, the customer's sense that he or she is being personally addressed and cared for should rise. (Peppers and Rogers 1993; Rust et al. 2000) studied the effect of personalization on satisfaction and loyalty and concluded that personalization has largely affected satisfaction and loyalty. Relationship marketing develops marketing productivity and generates mutual values for both customer and company through growing marketing effectiveness. Ultimately, personalization and communication increases the customer's loyalty by enhancing customer's relationship satisfaction (Halimi, Chavosh, Hosseinikhah Choshali, 2011

MODEL

The independent variables selected for this research was; communication and personalization. The mediating variable considered in this study was trust and the dependent variables analyzed in this research were purchase intention (Figure 1).

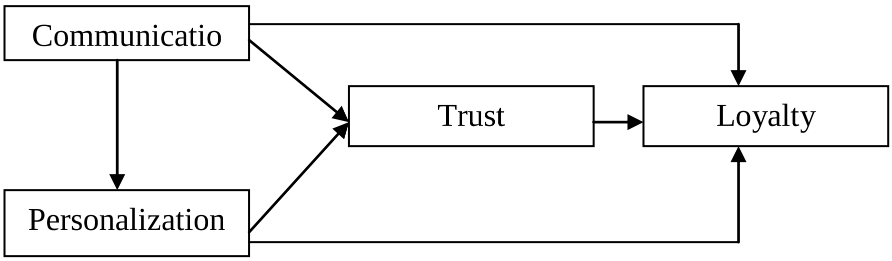


Figure 1: Self reported Model

RESEARCH METHODOLOGY

The study was causal in nature with survey method being used as for data collection. The population included respondents from Gwalior region and individual respondents were taken as the sampling element. The sample was identified using non probability quota sampling technique and data was collected from 100 respondents. Data was collected through self designed questionnaire on a Likert type scale of 1 to 7 where 1 indicated minimum agreement and 7 indicated maximum agreement. Cronbach's Alpha Reliability test on PASW 18 was used to check the reliability of the questionnaire, principal component factor analysis with varimax rotation was used to identify underlying factors of the questionnaire and also to identify sample adequacy and sphericity in the data. MANOVA was applied to identify difference between the demographic variable banks on all continuous variables of the study. Structural equation modeling was used to test the model.

RESULTS

Reliability

Reliability of all the measures of the research paper was calculated using PASW 18 the results are as follows:

S No	Variable Name	Cronbach's Alpha	N of Items
1	Communication	.889	4
2	Personalization	.825	2
3	Trust	.839	3
4	Loyalty	.878	7

If the computed reliability of a measure is greater than 0.7 the measure is considered reliable. The communication, personalization, trust and loyalty reliability as indicated by Cronbach's alpha coefficient in the table above is 0.889, 0.825, 0.839 and 0.878 hence the measures used for collecting data on communication, personalization, trust and loyalty were highly reliable. The reliability when item deleted table (Annexure) indicated that the reliability cannot be improved by deleting any statements from the questionnaire as highest reliability after deleting any item is equal to the current value of Cronbach's Alpha.

Kaiser Meyer Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity: KMO and Bartlett's test of sphericity was calculated using PASW 18 to identify sampling adequacy as well as sphericity in the data collected on all the measures

S No	Variable Name	KMO	Bartlett Test of Sphericity	Sig
1	Communication	.826	221.897	.000

2	Personalization	.500	66.333	.000
3	Trust	.708	127.504	.000
4	Loyalty	.832	349.628	.000

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy: The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that data used for factor analysis may not be appropriate. The Kaiser - Meyer - Olkin Measure of Sampling Adequacy value for the communication, personalization, trust and loyalty measures were 0.826, 0.500, 0.708 and 0.832 indicating that the sample size was adequate to consider the data suitable for factor analysis.

Bartlett's test of Sphericity: Bartlett's test of sphericity is a test statistic used to examine the hypothesis that the variables are uncorrelated in the population. In other words, the item to item correlation matrix is an identity matrix; each variable correlates perfectly with itself (r = 1) but has no correlation with the other variables (r = 0). The Bartlett's Test of Sphericity was tested through Chi-Square value having a value of 221.897, 66.333, 127.504 and 349.628, which were significant at 0% level of significance. Therefore, the above hypothesis is rejected, indicating that the item to item correction matrix is not an identity matrix and hence the data for communication, personalization, trust and loyalty was suitable for factor analysis.

Factor Analysis: Principle component factor analysis with varimax rotation was applied to find out the underlying factors of the questionnaires and all the questions for all the measure converged on one factor only therefore the measures on all the variable of the study that is communication, personalization, trust and loyalty can be used as it is for future researches.

Multivariate Analysis of Variance (MANOVA)

Multivariate analysis of variance was calculated using PASW 18 taking two different banks that is Punjab National Bank and State Bank of India as differentiating variable and all the continuous variable of the study that is communication, personalization, trust and loyalty as dependent variable:

Levene's Test of Equality of Error Variances

Levene's Test of Equality of Error Variances				
	F	**df1**	**df2**	**Sig.**
Communication	.340	1	98	.561
Personalization	5.613	1	98	.020
Trust	1.459	1	98	.230
Loyalty	.114	1	98	.736
Tests the null hypothesis that the error variance of the dependent variable is equal across groups.				
a. Design: Intercept + Bank				

Levene's test was applied to evaluate the homogeneity of variance between different groups formed on the basis of bank as category variable. The value of F for Communication, Trust and Loyalty is 0.340, 1.459 and .114 significant at 0.561, 0.230 and 0.736 indicating that the difference between the variances of the groups formed on the basis of bank are not significant. Thus the groups formed on the basis of bank are homogeneous for communication, trust and loyalty variable. Personalization on the other hand have F value, 5.613 significant at 0.020 indicating that the groups formed on the basis of bank for personalization is not homogeneous.

Tests of Between-Subjects Effects

Tests of Between-Subjects Effects						
Source	**Dependent Variable**	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Corrected Model	Communication	812.250[a]	1	812.250	50.103	.000
	Personalization	342.250[b]	1	342.250	37.641	.000
	Trust	2704.000[c]	1	2704.000	68.990	.000
	Loyalty	702.250[d]	1	702.250	17.492	.000
Intercept	Communication	50580.010	1	50580.010	3.120E3	.000
	Personalization	26797.690	1	26797.690	2.947E3	.000

	Trust	162892.960	1	162892.960	4.156E3	.000
	Loyalty	167690.250	1	167690.250	4.177E3	.000
Bank	Communication	812.250	1	812.250	50.103	.000
	Personalization	342.250	1	342.250	37.641	.000
	Trust	2704.000	1	2704.000	68.990	.000
	Loyalty	702.250	1	702.250	17.492	.000
Error	Communication	1588.740	98	16.212		
	Personalization	891.060	98	9.092		
	Trust	3841.040	98	39.194		
	Loyalty	3934.500	98	40.148		
Total	Communication	52981.000	100			
	Personalization	28031.000	100			
	Trust	169438.000	100			
	Loyalty	172327.000	100			
Corrected Total	Communication	2400.990	99			
	Personalization	1233.310	99			
	Trust	6545.040	99			
	Loyalty	4636.750	99			
a. R Squared = .338 (Adjusted R Squared = .332)						
b. R Squared = .278 (Adjusted R Squared = .270)						
c. R Squared = .413 (Adjusted R Squared = .407)						
d. R Squared = .151 (Adjusted R Squared = .143)						

Model having bank as independent differentiating variable and communication, personalization, trust and loyalty as dependent variable was having a good fit as indicated by F value of the corrected model that is 50.103, 37.641, 68.990 and 17.492 significant at 0.000 level of significance.

Significant differences were found in the communication, personalization, trust and loyalty of both the banks that is Punjab National Bank and State Bank of India tested through F Test values 50.103, 37.641, 68.990 and 17.492 significant at 0.000 level of significance

Descriptive Statistics

Descriptive Statistics				
	Bank	Mean	Std. Deviation	N
Communication	1	19.6400	4.30358	50
	2	25.3400	3.72860	50
	Total	22.4900	4.92468	100
Personalization	1	14.5200	3.37603	50
	2	18.2200	2.60525	50
	Total	16.3700	3.52954	100
Trust	1	35.1600	7.01706	50
	2	45.5600	5.39902	50
	Total	40.3600	8.13090	100
Loyalty	1	38.3000	6.48153	50
	2	43.6000	6.18755	50
	Total	40.9500	6.84367	100

The descriptive table indicated that State Bank of India was rated higher then Punjab National Bank on all the variables of the study that is communication, personalization, trust and loyalty by the respondents. The results of measurement model for the SEM are summarized below:

CMIN

Model	**NPAR**	**CMIN**	**DF**	**P**	**CMIN/DF**
Default model	33	89.496	58	.005	1.543
Saturated model	91	.000	0		
Independence model	13	927.458	78	.000	11.890

Chi Square was found to be 89.496 with a p-value of 0.005 indicating that the Chi square value was significant indicating over all good fit of the model to data. The finding is also supported by a smaller than 5 value of CMIN/DF (1.543).

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.086	.883	.817	.563

The other goodness of fit statistics also supports the overall goodness of fit. As can be seen from the table above the value of GFI is 0.883 and AGFI is 0.817 very close to desired value of 0.9 for good fit. Similarly, the value of RMR, which needs to be lowest for the best model, is 0.086, and was lowest for all the variant of the model.

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.904	.870	.964	.950	.963

The next set of goodness of fit statistics relate to improvement and as can be seen from the table above all the five statistics NFI, RFI, IFI, TLI and CFI are above 0.9 accept RFI which is very close to 0.9 indicating good fit of the model.

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.074	.041	.103	.102

The badness of fit index RMSEA need to be smaller than 0.08 for the model that fits the data adequately. As can be seen from the table above the value of RMSEA is 0.074 indicating good fit of model to the data.

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	85	96

Hoelter test indicates the maximum sample size for the model for which the model would remain good fit. As it can be seen at 5% level of significance the sample size limit it 85 and at 1% level of significance it is 96. The sample size for the current study is 100.

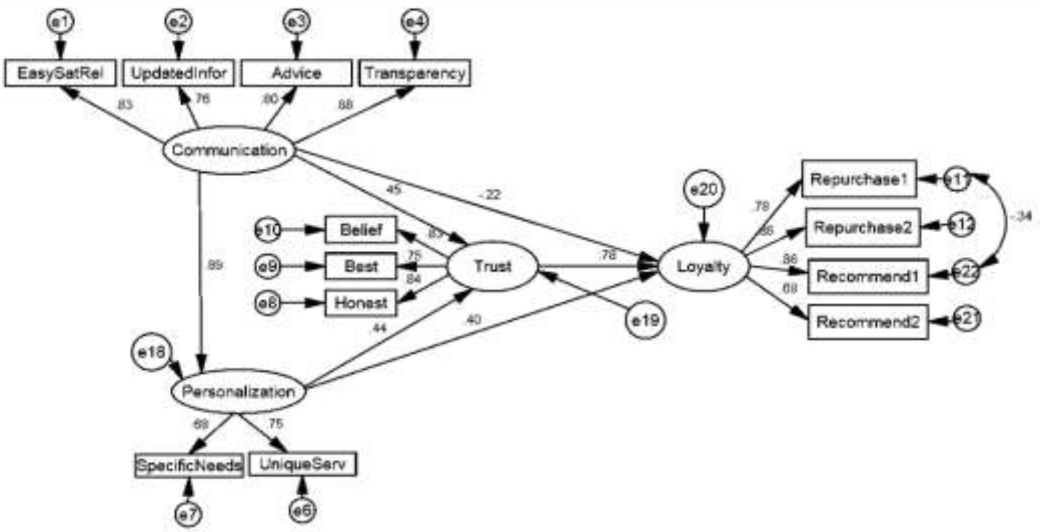
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Personalization	<---	Communication	.610	.095	6.441	***	par_13
Trust	<---	Communication	.419	.302	1.388	.165	par_11
Trust	<---	Personalization	.593	.470	1.261	.207	par_12
Loyalty	<---	Personalization	.506	.451	1.123	.261	par_7
Loyalty	<---	Trust	.741	.211	3.512	***	par_8
Loyalty	<---	Communication	-.194	.252	-.768	.443	par_9

The regression value between communication as independent variable and personalization as dependent variable is .610 with a p-value that is significant at 1% level of significance. Thus there is a significant positive cause and effect relationship between communication and personalization. That means higher the communication higher the personalization and an increase of communication by a factor of 1 will improve personalization by a factor .610. Similarly trust as mediating variable between communication and personalization as independent variable has significant positive cause and effect relationship with loyalty with r^2 value of .741 significant at 1% level of significance.

The results indicate positive but insignificant cause and effect relationship between communication as independent variable and trust as dependent variable with r2 value of .419 significant at 0.165 level of significance, personalization as independent variable and trust as independent variable with r2 value of 0..593 significant at 0.207 level of significance as well as personalization as independent variable and loyalty as independent variable with r2 value of 0.506 significant at 0.261 level of significance. A negative insignificant cause and effect relation was found between communication as independent variable and loyalty as dependent variable with r^2 value of -0.194 significant at 0.443 level of significance (see Figure 2).

Figure 2. SEM model showing relationship between variable



CONCLUSION

The main objective of the research was to identify the relationship between independent variables communication and personalization with loyalty having trust as the mediating variable. The results indicated significant relationship was found between communication and personalization. That means banks employees can identify the personal needs of customers by communicating with them and can make changes in their services to make the service more personalized.

Communication and personalization can build trust of the customers towards the bank but in this research the relationship between communication and personalization as independent variables and trust as independent variable was not found significant that means there may be other variables that increase trust towards banks which can be studied in further studies.

A significant relationship was found between communication and personalization with loyalty having trust as the mediating variable whereas when individual relationship between communication and loyalty as well as personalization and loyalty was checked no significant relationship was found. That means communication and personalization will build trust on the bank which will convert into loyalty of customers towards the bank.

REFERENCES

- Albert, T. C., Goes, P. B. and Gupta, A. (2004). GIST: A Model for Design and Management of Content and Interactivity of User-Centric Websites. *MIS Quarterly 28(2):* 161–82.
- Amanda Noz, Terri Edmunds and Vijai Shankar (2010) Cashing in on Personalized Services, url=http%3A%2F%2Fwww.alcatellucent.com%2Fwps%2FDocumentStreamerServlet%3FLMSG_CABINET%3DDocs_and_Resource_Ctr%26LMSG_CONTENT_FILE%3DOther%2FCashing_in_Personalized_Services_Article.pdf&urlHash=KnoS

- Anahita Bagherzad Halimi and Alireza Chavosh, and Sahar Hosseinikhah Choshali (2011). The Influence of Relationship Marketing Tactics on Customer's Loyalty in B2C Relationship – The Role of Communication and Personalization. *European Journal of Economics, Finance and Administrative Science*, 31, 49-56.
- Anderson, Erin W. and Barton Weitz (1992). The Use of Pledges to Build and Sustain Commitment in Distribution Channels. *Journal of Marketing Research*, 18-34.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing Research, 54,* 42-58.
- Andreassen, T. W.; and Lindestad B. (1998). Customer loyalty and complex services: The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management, 9*(1), 7–23
- Ansari, A, and Mela, C. (2003). E-customization. *Journal of Marketing Research*, *40*(2), 131-145.
- Ball, A. Dwayne; Coelho, Pedro S.; & Vilares, Manuel J., (2006). *Service Personalization and Loyalty.* Marketing Department Faculty Publications, Paper 13.
- Ball, D., Coelho, P.S. and Machas, A. (2004). The role of communication and trust in explaining customer loyalty: an extension to the ECSI Model. *European Journal of Marketing, 38*(9/10)*,* 1272-93.
- Ball, D., Coelho, P.S. and Vilares, M.J. (2006). Service personalization and loyalty. *Journal of Services Marketing, 20(*6*),* 391-403.
- Barsky, J. (1994). *World-Class Customer Satisfaction*. IL: Irwin Professional Publishing, Burr Ridge.
- Berry, L. L., Parasuraman, A., (1991). *Marketing Service-Competing Through Quality.* The Free Press, New York.
- Boles J. S., Johnson J. T., and Barksdale H. C. (2000). How salespeople build quality relationships: A replication and extension. *Journal of Business Research, 48(1),* 75-81.
- Caruana, A. (2002). Service loyalty. The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing, 36(7/8),* 811-828. http://dx.doi.org/10.1108/03090560210430818
- Chaudhuri, A. & Holbrook, M. (2001). The chain of effects from brand trust and brand effect to brand performance: the role of brand loyalty. *Journal of Marketing, 65(2),* 81-93.
- Coner A (2003). Personalization and customization in financial portals. *J. Am. Acad. Bus., 2(2),* 498-504.
- Crosby, Lawrence A., Kenneth R. Evans and Deborah Cowles. (1990). Relationship quality in services selling: An interpersonal influence perspective. *Journal of Marketing 54(3),* 68-81.
- Cunningham, R. M. (1956). Brand loyalty: what, where, how much? *Harvard Business Review, 34(1),* 116-128.
- Day, G. S. (1969). A two-dimensional concept of brand loyalty. *Journal of Advertising, 9(3),* 29-35.
- Day, G. & Montgomery, D. (1999) Charting New Directions for Marketing. *Journal of Marketing*, *63,* 3-13.
- Day, G.S. (2000). Managing market relationships. *Journal of the Academy of Marketing Science, 28(1),* 24-30.
- Doug Riecken (2000). *Magazine Communications of ACM, 43(8)*, 26-28.
- Dyche, Jill. (2001). *The CRM Handbook: A Business Guide to Customer Relationship Management.* Upper Saddle River, NJ: Addison-Wesley.
- Ennew, Christine and Harjit Sekhon. (2007). Measuring trust in financial services: the Trust Index. *Consumer Policy Review 17(2),* 62-68.
- Eshghi, A., Haughton, D., and Topia, H. (2007). Determinants of customer loyalty in the wireless telecommunications industry. *Telecommunications Policy, 31(2),* 93–106.
- Fan, H., and Poole, M. S. (2006). What is personalization? Perspectives on the design and implementation of personalization in information systems. *Journal of Organizing Computing and Electronic Commerce, 16(3–4),* 179–202.
- Farrelly, Francis & Quester, Pascale. (2003). The effects of market orientation on trust and commitment. The case of the sponsorship business – to – business relationship. *Journal of Marketing, 37(3/4),* 530-553.
- Fornell, C. (1992). A National Customer Satisfaction Barometer: The Swedish Experience*, Journal of Marketing*, *56(1),* 6-21.
- Forrester, W. R. & Maute, M. F. (2001). The Impact Of Relationship Satisfaction On Attributions, Emotions, And Behaviors Following Service Failure. *The Journal of Applied Business Research*, 17(1), 1-14
- Ganesan S (1994). Determination of Long-Term Orientation in Buyer- Seller Relationships. *J. Mark., 58(4),* 1-19.
- Garbarino, E. & M.S. Johnson (1999). The Different Roles of Satisfaction, Trust and Commitment in Customer Relationships, *Journal of Marketing*, *63(2)*, 70-87.
- Gilmore, J. and Pine, J. (editors) (2000). *Markets of One: Creating Customer-Unique Value through Mass Customization, Cambridge*, MA: Harvard Business School Press.
- Gould, G. (1995). Why it is customer loyalty that counts (and how to measure it). *Managing Service Quality, 5(1),* 15-19.
- Grönroos, Christian. (1995). Relationship Marketing: The Strategy Continuum*. Journal of the Academy of Marketing Science*, *23(4),* 252-254.

- Gwinner, K.P., Bitner, M.J., Brown, S.W. and Kumar, A. (2005). Service customization through employee adaptiveness. *Journal of Service Research, 8(2),* 131-48.
- Hagen P (1999). Smart Personalization, Forrestor report retrieved from http://www.theprices.com/4artTW18.htm
- Heffernan, Troy, Grant O'Neill, Tony Travaglione and Marcelle Droulers. (2008). Relationship marketing. The impact of emotional intelligence and trust on bank performance. *International Journal of Bank Marketing 26(3),* 183 - 199.
- Heskett, J. L., & Sasser, W. E. (2010). The Service Profit Chain: From Satisfaction to Ownership, *Handbook of Service Science*, Publisher Springer
- Ho, S. Y. (2006). The attraction of Internet personalization to web users. *Electronic Markets, 16(1),* 41–50.
- Hoffman, Lance J., Jeremy Blum and Kim Lawson-Jenkins. (2006). Trust beyond security: An expanded trust model. *Communications of the ACM 49(7),* 95 - 101.
- Huges. T., Foss. B., Stone. M., and Cheverton. P. (2007). Degrees of separation: technological interactivity and account management. *International Journal of Bank Marketing 25(5),* 315 -335.
- Imhoff. C, Loftis L, Geiger J (2001). *Building the Customer-Centric Enterprise: Data Warehousing Techniques for Supporting Customer Relationship Management*. John Wiley and Sons, New York, USA.
- Instone, K. (2000). *Information Architecture and Personalization*. Argus Associates, Ann Arbor, MI.
- Kelly, S. J. (2004). Measuring attitudinal commitment in business-to-business channels. *Marketing Intelligence and Planning, 22(6)*, 636– 51.
- Kerr, N. L. (1999). Anonymity and social control in social dilemmas. InM. Foddy, M. Smithson, S. Scheider and M. Hogg, *Resolving Social Dilemmas: Dynamic, Structural, and Intergroup Aspects*. Psychology Press, Philadelphia, PA, 103–120.
- Kim M. K., Park M. C., Jeong D. H. (2004). The effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services. Telecom. *Policy, 28(2),* 145-159.
- Komiak, S. X., and Benbasat. I. (2004). Understanding customer trust in agent-mediated electronic commerce, web-mediated electronic commerce, and traditional commerce. *Information Technology and Management, 5(1-2),* 181 - 207.
- Kostecki, M.M. (1994). *Marketing Strategies for Services: Globalisation, Client Orientation, Deregulation*. Oxford: Pergamon Press
- Kotler, P. and Keller, K. L. (2006). Marketing Management. Pearson Prentice Hall, Upper Saddle River, NJ, 12 edition.
- Kwiseok. K., Cookhwan. K. (2012). *Journal of Electronic Commerce Research and Applications. 11(2)*, 101-116.
- Lawfer. M. R., (2004). *Why Customers Come Back: How to Create Lasting Customer Loyalty.* The Career Press, Franklin Lakes, New Jersey, USA.
- Lim, K.; & Razzaque. A., M. (1997). Brand loyalty and situational effects: An interactionist perspective. *Journal of International Consumer Marketing, 9(4),* 95-115.
- Martha Manting (2010). *Tap In to the Power of Personalization to Boost Your Marketing Effectiveness*, General Physics Corporation.
- Mayer, R. C., James H. D., and Schoorman. F. D. (1995). An integrative model of organizational trust. *Academy of Management Review, 20,* 709 - 734.
- Mittal, B. and Lassar, W.M. (1996). The role of personalization in service encounters. *Journal of Retailing, 72(1),* 95-109.
- Mohr, J. J., Fisher, R. J., and Nevin, J. R., (1996). Collaborative communication in interfirm relationships: Moderating effects of integration and control. *Journal of Marketing, 60(3),* 103 - 117.
- Moorman, C.; Gerald Z.; Rohit D. (1993). Factors Affecting Trust in Marketing Relationships. *Journal of Marketing*, *57(1),* 81-101.
- Moorman, Christine, Zaltman, Gerald and Deshpandé, Rohit. (1992). Relationships between Providers and Users of Market Research: The Dynamics of Trust within and Between Organizations. *Journal of Marketing Research, 29 (3),* 314–329.
- Morgan, R. M., and Hunt, S. D. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing, 58(3),* 20-38.
- Nunes, P. F., Kambil. A. (2001). Personalization? No Thanks. *Harvard Business Review. 79(4)* 32-34.
- Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. McGraw Hill.
- Oliver, R. L. (1999). Whence customer loyalty? *Journal of Marketing, 63,* 33 – 44.
- Olsen, L. L., & Johnson, M. D. (2003). Service equity, satisfaction, and loyalty: from transaction-specific to cumulative evaluations. *Journal of Service Research, 5(3),* 184195.
- Patterson, E. R. and R. Smith (2003), Materiality Uncertainty and Earnings Misstatement, *The Accounting Review*, 78(3), 819-846.

- Peppers, D., and Rogers, M. (1997). *Enterprise One to One: Tools for Competing in the Interactive Age*. Doubleday, New York, NY.
- Peppers, Don and Martha Rogers (1993). *The One To One Future: Building Relationships One Customer at a Time*, Doubleday, New York.
- Personalization Consortium. (2001). *New Survey Shows Consumers Are More Likely to Purchase At Web Sites That Offer Personalization*. http://www.personalization.org/pr050901.html
- Reichheld, F. & Sasser, W.E. (1990). Zero defections: quality comes to services. *Harvard Business Review, 68,* 105-11.
- Reichheld, F.; Teal T. (1996). The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value. *Harvard Business Press,* Cambridge.
- Riecken,D (2000). Personalized Views of Personalization, Communications of the ACM, 43(8), 26-28
- Rule, E., and Keown, S. (1998). Competencies of high- performing strategic alliances. *Strategy and Leadership, 26 (4),* 36-44.
- Rundle-Thiele, Sh. & Mackay, M.M. (2001). Assessing the Performance of brand Loyalty Measures. *Journal of Service Marketing, 15(7),* 529-546.
- Rust, R.; Oliver, R. (2000). Should we delight the customer? *Journal of the Academy of Marketing Science*, *28(1)*, 86-94.
- SBIF (2009). *Evolution of Number and Money Balance in Bank Accounts* (2002 to 2009). SBIF, Chile. [Original Text in Spanish].
- Singh, J.; Sirdeshmurk D. (2000). Agency and trust mechanisms in customer satisfaction and loyalty judgements. *Journal of the Academy of Marketing Science*, *28(1),* 150-167.
- Singh, J.; Sirdeshmurk, D.; Sabol, B. (2002). Consumer trust, value and loyalty in relational exchanges. *Journal of Marketing*, *66(1),* 15-37.
- Sirdeshmukh, D., Singh, J. and Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing, 66,* 15-37.
- Sunikka, A., and Bragge, J. (2008). What, who and where: insights into personalization. In R. Sprague (ed.), Proceedings of the 41st Hawaii International Conference on System Sciences, January 2008, *IEEE Computer Society Press, Los Alamitos.*
- Surprenant, C.F. and Solomon, M.R. (1987). Predictability and personalization in the service encounter. *Journal of Marketing, 51,* 86-96.
- Tam, K.Y., and Ho, S.Y. (2006). Understanding the Impact of Web Personalization on User Information Processing and Decision Outcomes. *MIS Quarterly, 30(4)*, 865-890.
- Torres-Moraga, E.,Vasquez-Parraga, A.Z.,Zamora-Gonza'lez, J. (2008). Customer satisfaction and loyalty: Start with the product, culminate with the brand. *Journal of Consumer Marketing, 25(5),* 302–313.
- Tucker, W. T. (1964). The Development of Brand Loyalty. JMR, *Journal of Marketing Research (pre-1986), 1(3):*32 – 35.
- Vasquez-Carrasco, R. & Foxall, G.R. (2006). Influence of personality traits on satisfaction, perception of relational benefits, and loyalty in a personal service context. *Journal of Retailing and Consumer Services, 13,* 205-219.
- Webster (1991). Retrieved from http://www.merriam-webster.com/dictionary/trust
- Webster, F. L. (1994). *Marketing management: providing value to customers*, in Collins,E.G.C. and Devanna, M.A. (eds), The New Portable MBA. New York: Wile
- Weinberg, Bruce D., Terry Madonia and Judy Cavalieri (2003). *Personalization in the Wireless World.* In The Power of One - Leverage Value from Personalization Technologies, edited by Nirmal Pal and Arvind Rangaswamy. 58-81. Victoria, Canada: eBRC Press at Penn State University.
- Winer, R.S. (2001). A framework for customer relationship management. *California Management Review, 43(4),* 89-105.
- Wu, D., Im, I., Tremaine, M., Instone, K., and Turoff, M. (2003). *A framework for classifying personalization scheme used on e-commerce websites.* In R. Sprague (ed.), Proceedings of the 36th Hawaii International Conference on System Sciences, January 2003, IEEE Computer Society Press, Los Alamitos, CA.
- Yim, Chi Kin (Bennett), TSE, David K., & Chan, Kimmy Wa. (2008). Strengthening Customer Loyalty through Intimacy and Passion: Roles of Customer – firm Affection and Customer – Staff Relationships in Services. *Journal of Marketing Research, 45,* 741- 756.
- Zeithaml, V. A. (1981). *Marketing of services*. In Donelly, J. H. and George, W. R., editors, Marketing of Services, pages 186–190. Amer. Marketing Association.
- Zhang, X. and V.R. Prybutok,(2005). *A Customer Perspective of e-Service Quality*. IEEE Tran. Eng. Manage, 52, 461-477.