EXPECTATION GAPS BETWEEN BANK ALFA AND ITS CUSTOMERS

SARI EL-NABOLSI 910919
BANNA KIDANE 900627

School of Business, Society and Engineering EST, Mälardalen University

Course: Bachelor Thesis in Business Administration
Course code: FOA214

Tutor: Aswo Safari
Examiner: Eva Maaninen-Olsson
Date: 2015-05-29
Email: Sarielnabolssi@hotmail.com
BannaKidane@hotmail.com
ABSTRACT

Date: May 29, 2015

Level: Bachelor Thesis in Business Administration

Institution: School of Sustainable Development of Society and Technology, Mälardalen University

Authors: Sari El-Nabolsi: 19910919  
Banna Kidane: 19900627

Title: Expectation gaps between bank Alfa and its customers

Tutor: Aswo Safari

Keywords: Customer service in banks, Gaps model of service quality, perceptions, expectations, SERVQUAL

Research Question: What are the expectation gaps between the bank and its customers regarding the customer service?

Purpose: The purpose of this thesis is to help the bank raise the level of customer satisfaction, through deepened knowledge regarding their customers’ expectations. The purpose will be reached by analyzing the expectation gaps between Bank Alfa and its customers.

Method: The method used for this thesis is, collection of primary data through interviews with the retail manager and customers of Bank Alfa.

Conclusion: Through the research, it was found that there is a gap between what the bank believed the customers expected and what the customers stated that they expected. Moreover it was found that there are some mismatches due to the banks incapability of specifying the service quality specifications.
ACKNOWLEDGEMENT

We would hereby like to express our gratefulness towards our supervisor Aswo Safari, who with his knowledge and experience helped us and throughout the process gave us feedback and constructive criticism.

Furthermore we would like to take the opportunity to thank the retail manager at the bank who gave us the ability to conduct this research, as well as the customers who took the time to answer our questions.

Last but not least, we would like to thank the students in our seminar group, who read through our work and gave us valuable comments so that we could improve our thesis even more.

__________________________________________  _______________________________________

Sari El-nabolsi                                Banna Kidane
# TABLE OF CONTENT

1 INTRODUCTION .................................................................................................................. 1
   1.1 Background .................................................................................................................. 1
   1.2 Company description .................................................................................................. 2
   1.3 Problem formulation .................................................................................................. 3
   1.4 Purpose ....................................................................................................................... 4
   1.5 Research question ...................................................................................................... 4

2 LITERATURE REVIEW ........................................................................................................ 5
   2.1 Service quality ............................................................................................................ 5
   2.2 Service quality in banks ............................................................................................. 6
   2.3 Customer relationships in the banking industry ......................................................... 7
   2.4 Expected and perceived service ................................................................................. 8
      2.4.1 Expectations of service quality ............................................................................ 8
      2.4.2 Perceptions of service quality ............................................................................. 9
   2.5 Gaps model of service quality .................................................................................... 10

3 THEORETICAL FRAMEWORK .......................................................................................... 12
   3.1 Gaps model ................................................................................................................. 12
   3.2 The Gaps .................................................................................................................... 13

4 METHOD ............................................................................................................................. 16
   4.1 Choice of method ....................................................................................................... 16
   4.2 Case study .................................................................................................................. 16
      4.2.1 Deductive reasoning ......................................................................................... 17
      4.2.2 Primary data ....................................................................................................... 17
      4.2.3 Secondary data ................................................................................................. 18
   4.3 Qualitative research .................................................................................................. 18
   4.4 Interviews .................................................................................................................. 19
LIST OF FIGURES AND TABLES

Figure 1: SERVQUAL ................................................................. 14

Table 1, 2: Operationalization...................................................... 25
In this part of the thesis an introduction to the topic will be presented along with a description of the case company. The problem formulation and the purpose will then be presented followed by the research question.

1.1 Background

The banking sector is one of the sectors that used to be a stable environment, however, where competition has gotten more intense lately (Zineldin, 2005). In this specific sector there is not much room for differentiation. The reason why banks have problems differentiating themselves is because most banks fill the same function (Richardson & Robinson, 1986; Ehmke, 2008). The functions that most banks offer are; money storage, loans, transactions and other financially related services. One of the aspects where there is room for differentiation, however, is in customer service. Banks can, through providing high service quality, increase customer satisfaction, which in turn can lead to retaining existing and acquiring new customers.

The terms customer service and customer satisfaction are defined as the activities that are carried out with the aim of improving the customer satisfaction, as well as giving the feeling that the provided service or product has met the expectations of the customer, and the outcome of how well the customer service meets the customer’s expectations (Peterson & Wilson, 1992; Turban et al., 2002). What is important to address in the previous sentences is the word expectation, because customers’ expectations are the foundation for a successful customer service. If a business does not understand its customers’ expectations, it is hard to meet or exceed them.

To be able to deliver service according to customer's expectations the bank needs to know what the customers expect, if the bank however does not know what their customers expect, an expectation gap can arise, this event can occur even though the service quality is high. The
gaps arise when there are differences between customers’ expectations of the service and what the customer receives/perceives (Wilson et al., 2012, pp. 113-135). The term perceived will be used in this thesis from now on for both received and perceived service.

1.2 Company description

The reason for substituting the actual name of the bank to “Bank Alfa” comes from representatives of the bank understanding that the potential findings of the thesis could have a negative impact on the brand image of the bank. Now when the reason for naming the bank for “Bank Alfa” has been explained, follows a description of the company, for the reader to have a greater understanding of the thesis.

Bank Alfa is a savings bank, which differs from other banks in the sense that a savings bank has no direct owners or shareholders that can extract profits from the organization. The profits that are gained in a savings bank stays inside the bank, and are later used to develop the bank or the society surrounding it. The reason why a savings bank use this particular business model where the bank invests in the geographic area that it is operating in, comes from the fact that it leads to a win-win situation. The improvement of the surrounding leads to business opportunities and an improved economic situation for the customers. In turn, more money will be placed in the bank and customers will have more money to buy services from the bank (Sparbankernas Riksförbund, 2014).

Bank Alfa is present in three cities close to each other in a province located in the center of Sweden. The bank has been present for 170 years and the first unit was established in the year of 1845. The cities where Bank Alfa is present are relatively small and have few inhabitants, the biggest city they are present in has approximately 25 000 inhabitants, the second largest city has 14 000 inhabitants and the smallest city has approximately 8000 inhabitants (SCB, 2013). The bank had 93 employees during 2014 and a turnover of 88.9 million SEK (Årsredovisning, 2014). Bank Alfa brands itself as a genuine savings bank where the bank argues that it strictly follows the definition of being a savings bank (Bank Alfa, n.d).

The bank is very successful at the moment and is reaching higher revenues than ever, 2013 and 2014 brought in the best results historically for the bank (Årsredovisning, 2014).
Moreover, the bank was ranked the best bank in its region and the sixth best bank in Sweden regarding customer satisfaction in a survey made by Svenskt Kvalitetsindex, which is an organization that analyses different branches and measures customer satisfaction and loyalty (Kvalitetsindex, n.d). The score received was 75.7 out of 100 possible (Magazin24, 2014).

The bank states on the official website that its vision is to become the bank in Sweden with the most satisfied customers (Bank Alfa, n.d), in an interview with the CEO of the bank conducted by Magazin24, he responded to the question about the SKI (Svenskt Kvalitetsindex) scores, that: it is nice to know that the bank is heading in the right direction but that he is not satisfied until the vision is reached (Magazin24, 2014).

The bank is aware of the high level of customer satisfaction amongst its customers. However, the bank does not have a specific strategy for improving the customer satisfaction more, to be able to reach the goal of having most satisfied customers in Sweden. For the bank to be able to improve the customer satisfaction they need to understand their customers’ expectations better and find ways to meet or exceed them, or else gaps will arise.

1.3 Problem formulation

With today’s increasing competition in the banking sector it is important for banks to find their competitive edge. The need for providing excellent customer service in the specific sector is of importance due to the market being homogenous, where practically all banks offer the same type of services (Lewis, 1993). It has been found that by understanding your customers’ expectations and deliver service quality accordingly, the expectation gaps can be closed. By achieving an understanding of customer expectations, the bank can in addition to raising customer satisfaction gain loyalty from customers and increase market shares (Lewis, 1993).

Bank Alfa has problems defining their customers’ expectations regarding the customer service. The reason why this topic is yet to be discovered might originate from the banks high success rate, which could lead to the mentality of continuing as before since it leads to success, this mentality is known as, “If it isn’t broke, don’t fix it”. However this statement
would only be true in a stable environment, which is not true for the banking sector (Zineldin, 2005).

The gaps model of service quality was originally tested on retail commercial banks, however, the bank researched, Bank Alfa is a savings bank. Therefore, this research is interesting from a theoretical point of view since the two types of banks differ in the sense that regular retail banks have shareholders, which are pushing the bank towards profit maximization. One of the aspects leading to higher profits is an increased level of service quality, savings banks however, do not have any shareholders, and their goal is to improve the welfare in the surrounding environment rather than maximizing profits.

1.4 Purpose

The purpose of this thesis is to help the bank raise the level of customer satisfaction, through deepened knowledge regarding their customers’ expectations. The purpose will be reached by analyzing the expectation gaps between Bank Alfa and its customers.

1.5 Research question

“What are the expectation gaps between the bank and its customers regarding the customer service?”
2 LITERATURE REVIEW

This chapter will present an overview of previous research regarding the concepts of service quality, customer expectations and perceptions. The concepts will be reviewed both from a general perspective and in connection to the banking industry. Followed by a review of gaps model of service quality, to understand how it has been developed, how it has been used and if it is relevant for this thesis.

2.1 Service quality

The concept of service quality has had a nearly constant definition by a wide range of researchers throughout the years. Many researchers have defined Service quality as the difference between customer’s expectations and customer’s perceptions of the service quality (Grönroos, 1984; Parasuraman et al., 1985; Lewis, 1993; Tam, 2004; Ooi et al., 2011; Wilson, 2012, p.96).

Parasuraman et al., (1988) are one of the many researchers that noticed the importance of the phenomenon of service quality and in line with Grönroos researched the field. All of the researchers pointed out that understanding quality of services is in comparison with trade of goods, a more complex task for consumers to evaluate and judge (Parasuaraman et al., 1985; Ueltschy, 2007; Ooi et al., 2011).

Grönroos (1984, 2007) introduced in his studies two service quality dimensions, which until today are recognized and widely used by researchers in the field of service quality (Richardson & Robinson, 1986; Zineldin, 2005). The dimensions are stated along with an explanation of the correlation between the two below.

1. Technical quality: The technical quality is defined as what the customer actually is receiving, i.e. the outcome of the service.

2. Functional quality: The functional quality is defined as how it was received, i.e. the process of the service, including all that happened until the service was received.

Grönroos further explained in his research how the two dimensions are interrelated. The dimensions are interrelated in the sense that none of them without the other is sufficient for the customer. It is however argued that a good functional quality to some extent can excuse a bad technical quality, but not vice versa. Meaning, that if a customer would go through a
process where the customer service is of high quality, the customer can forgive the service provider for temporary problems of the outcome. However an outcome that is considered good by the customer will not excuse a bad process (Grönroos, 1984). Parasuraman et al., (1985) as well argued that there are dimensions of service quality, although they did not use the same terms as Grönroos, the dimensions were the same. Parasuraman et al., (1985) stated that customers evaluates the process of service delivery when judging the service quality and do not solely base the perceived service quality on the outcome alone.

Ehmke (2008) described competitive advantage as giving customers a reason to purchase from them instead of buying the same service or goods from competitors. Ehmke explains further that a company can create a competitive advantage by specializing in a specific field, which in connection to this research is to provide better customer service than the competitors, and by that gain a competitive edge.

2.2 Service quality in banks

Many managers and employees in the banking industry believe the outcome of the service to be the most important aspect. Grönroos (1984) however, disagreed to the statement, and argued that although the outcome is important for the customers, the process cannot be neglected since it is extensively valued and involved in the customer's evaluation process of the service.

Customer service is a vital and broad aspect in the banking industry, since banks do not offer many tangibles, and to a wide extent offers similar services. The customer service becomes a vital tool for the banks, where competitive advantage can be created (Richardson & Robinson, 1986). For the bank to have a high level of service quality it is presented that the bank tellers have to be customer service oriented, since they are the ones that customers have most interactions with they have a great responsibility for keeping customers satisfied. Personal bankers have a direct impact on customers’ perceptions since most of the problems that occurs such as additional bank fees and other larger issues, are handled by the personal bankers.

It is further on explained that there are different elements of customer service in banks. Zeithaml et al., (1996) discusses that since there are many elements, improving the service quality can be costly, whereby it is suggested that companies should, if wanting to improve
the service quality, do so in a cost effective manner. Moreover, it is discussed that a business should consider the revenue increase or profit increase that a satisfied customer can produce, a satisfied customer can become a lifetime loyal customer.

Richardson & Robinson (1986) presented a study in their article where it was found that many of the customers who terminate their accounts at a bank do it because they feel that the employees did not help them or that the employees treated them disrespectfully. Even more customers stated that they terminated their accounts because of an overall bad customer service.

2.3 Customer relationships in the banking industry

Retail banks have gone from having no or very little relationships with their customers previously, towards having extensive and interactive relationships with their customers. Most banks have come to realize and understand the benefits of having relationships. This realization comes from the changes in the business environment that has occurred where the competition has become more intense than ever. One of the benefits of having the customer relationships is that it creates competitive advantage. The incentives that make the bank aim for being more customer-oriented, and acquiring relationships is that they gain loyalty from their customers, and it generates a higher level of income as well as organizational growth (Colgate & Alexander, 1998; Zineldin, 2005). One of the factors that have contributed to the ease of developing long-term relationships in the banking industry have been the rapid development of information technology (IT), it have enabled banks are able to keep track of their customers and their preferences which contributes to a more personalized service (Colgate & Alexander, 1998).

Since customers want to be important, having a strong relationship with customers can add value, which is essential because in a relation, because both parts need to have incentives to stay in the relation (Berry, 1995). Zineldin (2005) further argues that a banks relationship with its customers help them deliver more value than if they would not have any relationships at all since it extends beyond the quality of the core service. Zineldin expresses having good customer relations, as “improving the product surrounding” (Zineldin, 2005, p. 334) where he meant the relationship can raise the value before, during and after the service delivery.
2.4 Expected and perceived service

In most research done in the field of service quality, from the mid-eighties until present time (2015), it has been argued that customers’ expectations on service quality are increasing and that customers are becoming more aware of competitors offerings, which has contributed to higher expectations from the customers. (Grönroos, 1984; Richardson & Robinson, 1986; Lewis, 1993; Tam, 2004;).

Grönroos was one of the first researchers to find and state that service quality depends on two variables, which are; 1: Expected service quality and 2: Perceived service quality (Grönroos, 1984). Moreover, it is stated that the customer service is defined as to the extent a business can meet or exceed their customer’s expectations. This definition is a well-known and widely used one. Turban et al., (2002), described customer service as the activities that are carried out with the aim of improving the customer satisfaction, as well as giving the customer the feeling that the provided service or product has met the expectations.

2.4.1 Expectations of service quality

Customers expected service can have two different levels where one is the desired service and the other is the adequate service. The desired service is what the customer wishes the service to be, and the adequate service is what the customer will accept (Parasuraman et al., 1991, 1993). It is furthermore explained that between the two levels there is a “zone of tolerance” in which a service provider needs to make sure that the level of service quality is (Wilson et al., 2012. pp. 53-61).

The expected service quality of customers is based on the level of service quality that the customer feels should be offered by the service firm. It is argued by many researchers that the expectations of customers are affected widely by the previous experiences (Grönroos, 1984) where Grönroos meant that, a service firm needs to consider the service delivery since it will affect the customer’s future expectations.

That customer’s expectations are influenced by the previous experiences, means that a company has to deliver good service for a customer to expect good service in the future (Wilson et al., 2012, p.62: Boulding et al., 1993; Spreng & Dixon, 1992). There is however a problem with past experience (Richardson & Robinson, 1986), since people's performance can change from day to day which means that an employee can be in a good mood one day and deliver excellent service, however, another day not feel motivated to deliver the same
level of service quality. This can lead to customers having inconsistent expectations and develop uncertainties toward the bank. Richardson & Robinson (1986) further explain that businesses need to have an adequate internal marketing to assure consistency in the service delivery.

Customers have standards that they want products or service to either meet or exceed. When a customer buys a service or product he or she evaluates it according to the pre-set standards. If the expectations do not meet the consumer perceptions the relationship may decline. However if the service quality exceeds the expectations of a consumer, the relationships may get stronger, Richardson & Robinson (1986). In contrast, it is explained that companies must reach a balance where they do not expose themselves in a wrongly manner, which means, that a company should not exceed customers’ expectations if they cannot do it continuously, since it can lead to uncertainty.

2.4.2 Perceptions of service quality

In contrast to customer expectations, the perceptions are based on the customer’s own evaluations and judgment of the service. It cannot be affected in the same manner as expectations. Grönroos (1984) argues that the perceived service quality has a great impact on the overall perceived image of the company (Grönroos 1984; Lewis, 1993).

According to Richardson & Robinson (1986), one of the first steps that affect the perceived service quality of a bank is when employees at the banks interact with the customers, this makes it understandable that the employees are the key element when providing customer service. Employees that work at retail banks, however, usually see their purpose as being as efficient and technical as possible. Richardson & Robinson (1986) mentions that tellers perceives that their most important job is to balance the cash of the customers and the internal auditors makes sure that all technical work is carried out properly. However, the technical measurement are often overlooked by the customers, it is the attitudes, service mindedness and the interactions that will be taken into consideration by the customers.

Brady & Cronin (2001), also discusses the perceptions of the customers where they discusses that there are three aspects that affects the perception of service quality, those are the quality of outcome, the quality of interaction and the quality of the physical environment. The quality of outcome is what is gotten after the interaction, the quality of interaction is how the
interaction itself went, and the quality of the physical environment is how the customer perceived the environment in which the service took place.

2.5 Gaps model of service quality

Grönroos (1984) realized the importance of service quality early and understood that, to be able to develop a valid model or theory for studying service quality, expectations and perceptions of customers need to be grasped and understood. He found that there were components, which together formed the expectations and perceptions of the customers.

Parasuraman et al., (1988) and Lewis (1993), were among the first researchers to take Grönroos findings into considerations and defined all the dimensions that were to be used for developing a model for understanding service quality. What was found were ten dimensions, which were stated as guidelines for understanding customer’s perceptions and expectations. These dimensions were tangibles; reliability; responsiveness; communication; credibility; security; competence; courtesy; understanding/knowing the customer and access. To be able to know the accuracy of the found dimensions, they were tested and analyzed. After the testing, only five dimensions remained, which later became parts of the SERVQUAL, also known as the gaps model of service quality. The five dimensions that were left and considered most accurate when customers evaluate and judge the service quality of a company are presented below.

1: Assurance: Assurance is defined as the employee's ability to inspire trust and confidence through being knowledgeable and professional in their treatment. It is communicated that this particular dimension is important in industries that customers believe to be high-risk, where banking is presented as one example.

2: Empathy: The definition of empathy in business context is to give customers the required attention and to treat them as individuals.

3: Reliability: In these dimensions reliability is defined as the ability to deliver service according to the promises. It is stated that customers are happier to conduct business with companies that keeps their promises.

4: Responsiveness: Responsiveness is defined as the willingness to help customers and provide quality service. It is described that time, as well affects the perceived responsiveness.
Therefore it is emphasized that companies should have a sufficient amount of employees in contact positions to be able to help customers in a quickly manner.

5: Tangibles: In this sense tangibles can be defined as the appearance of physical facility which can be if the working place is clean, it is also the appearance of the employees which is their clothing and the communication materials which are all types of physical advertisement.

The SERVQUAL model is sometimes referred to as an instrument, which is used for measuring and defining the service quality. Zeithaml et al., (1996) suggests that the most effective way of measuring service quality is by comparing the perceptions to the expectations of customers, rather than surveying for scores on different subjects, which is widely used in banking. In those surveys, customer often ranks the subject bank on different service related aspects for example from 1-10.

The gaps model of service quality (SERVQUAL) can be used to study and find gaps in the service delivery of a company (Parasuraman et al., 1985) where the perceptions of the customers are weighed against the expectations that the customer has. The model has been used in many studies by researchers. The model has also been used by companies that are trying to evaluate and improve their customer service. The banking industry is one of the industries that to a large extent have been using this method (Asubonteng et al., 1996; Mukherjee & Nath, 2005). It is discussed that it is of importance to understand how customer judge quality, because it can help the managers with knowing how and what to improve. Moreover it is stated that the gaps model of service quality is covering the field when finding information about how the customer service is in a business. Further it is discussed that performance should be compared to expectations, where the gaps can be found if the two do not match. However, it is also emphasized that gaps can be closed and that the service performance at times the can exceed the expectations, which needs to be acknowledged for a business to know what is giving positive results (Wilson et al. pp.64-68, 2012).
3 THEORETICAL FRAMEWORK

The chosen theory will be presented in this chapter. The Gaps model of service quality was used to formulate the interview questions. The theory was also used to analyze the results that were gained through the empirical findings in connection to the previous studies.

3.1 Gaps model

The SERVQUAL is a principal instrument for measuring service quality. This instrument has often been used to evaluate customers’ perceptions of service quality (Asubonteng et al., 1996; Lassar et al., 2000; Wilson et al., 2012, pp.96-103). The model has been used extensively to study and evaluate the service quality in the banking sector, which suited our purpose for studying the expectation gaps between the bank and its customers. The SERVQUAL is the most suiting model for studying the expectation gaps, since it captures the perceptions and expectations of the customers as well as weighs them against the service delivery process of the company. The model with its components will be presented in this chapter (Grönroos, 1984; Parasuraman et al., 1985; Lewis, 1993; Asubonteng et al., 1996; Mukherjee & Nath, 2005; Wilson et al., 2012, pp.96-103).

The model is divided into two parts, one that describes the customer's role in the service delivery, and the other describes the company's role in the service delivery. From the customers perspective, the expected service and the perceived service are explained, which is what the customer expects to get, and what the customer feels was received. Customers’ expectations can be influenced by three uncontrollable factors. The factors that can influence customers’ expectations are, word-of-mouth communication, personal needs and past experience. The word-of-mouth communication is what the customer hears from others, it can be positive as well as negative communication. This cannot be directly controlled but if a company is providing over-expectations service, customers might give good word-of-mouth. The personal needs of customers cannot be controlled, because a company cannot tell a customer what to need, however, they can try to understand the needs and help the customer receive what is expected. Customers’ current expectations are influenced by past experience, if the past experience was good it can suggest that the customer expects similar or higher expectations (Spreng & Dixon, 1992; Boulding et al., 1993; Wilson et al., 2012, p.62). If a
customer has bad previous expectations it can lead to low expectations for the next service delivery occasion. The company can influence this by providing a better service than what was expected.

The remaining components in the model describe the company’s processes in the service delivery. The company’s missions according to the theory are to know the expectations of the customer and try to deliver service according to them (Parasuraman et al., 1988; Wilson et al., 2012, pp.96-103). There are four components on the company’s side, management’s perception of customer’s expectations, translation of perceived customer expectations into service quality specifications, external communication to customers and service delivery. Management’s perception of customer’s expectations is what management of the company believes the customers’ expectations to be. The translation of perceived service quality specifications is the service promises that the company sets, based on what they believe that the customers expect. The external communication to customers is all communication that the company carries, through personal communication from employees, advertisement and information stated on the banks external website. The last component in the service quality model is the service delivery, this is sometimes defined as “The moment of truth”, it is when the customer receives the services and can evaluate it by comparing it with their expectations (Wilson et al., 2012, p.84). All the mentioned components were used in structuring of the interviews with the manager therefore the findings of the interview were connected to the theory components. The components from both the company’s and the customer’s side will be used to analyze the findings of the interview in different gaps.

3.2 The Gaps

Gaps can arise between the different components, which occur when there is a misfit between two components, which can cause an unsuccessful service delivery. There are five gaps that are included in the theory, which are listed below (Parasuraman et al., 1985; Wilson et al., 2012, p.103).
GAP 1: The gap between customer expectations and managements perception of customer expectations: This gap arises when management improperly perceives their customers’ expectations.

GAP 2: The gap between management’s perception of customer expectations and service quality specifications: This gap arises when management correctly perceives their customers’ expectations, but may not set corresponding service quality specifications.

GAP 3: The gap between service quality specification and service delivery: This gap arises when the employees do not deliver the service they are supposed to do according to the service quality specifications. The reasons for this gap can be poor training of employees but can also arise due to incapability or that the employees, are unwilling to meet the set service standards.

GAP 4: The gap between service delivery and external communication: This gap arises when the service delivery does not match what the company’s promises in their external communication.

GAP 5: The gap between expected service and the experienced service: This gap mostly concerns the customers. It arises when there is a divergence between what the customer
expected to get and what the customer thought was received. The word thought is used because this gap depends on how the customer perceives the service.
4 Method

In this part of the thesis, the methods used for the thesis are presented. The reader gets the ability to understand the different types of data that has been used and how they have been used. There will also be an explanation on how each gap has been examined.

4.1 Choice of method

According to Bryman & Bell (2011, pp.84-85) a case study is when conducting a study on a particular case. The term “case” is often connected to a certain working place or organization, since, the authors used Bank Alfa as their subject company a case study was developed.

Primary data is data obtained in firsthand experience (Business Dictionary, n.d). The primary data collected through interviews was a vital asset for the research, since it was of importance to compare the results from both the bank and the customers in order to know whether there are eventual gaps. Which was necessary for this research since studying the gaps was the aim of this thesis.

Secondary data is data collected by someone else for another purpose (Bryman & Bell 2011, pp. 322-323) To be able to conduct a reliable research in this subject, secondary data had to be collected from different sources such as articles on customer service in banking, textbooks on the gaps model of service quality and information about Bank Alfa from their own website in order to continue and collect primary data. The reason why almost all data about the bank was collected from the official website of the bank and not from other sources is that it is a small bank, which no one has made studies about earlier.

The gaps model of service quality that was used for this thesis, as a guideline for how and where to look for the gaps between the customers and management of Bank Alfa during this research. The model was also used as a framework for analyzing and forming results.

4.2 Case study

When conducting a case study it is to research a particular phenomenon (Bryman & Bell, 2011, p.84). According to Thomas (2006) a case study is “an in-depth exploration from
multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, program or system in a “real life” context.”

When conducting this research the authors decided to focus on a particular subject, which was service quality. The approach of the study was to study real life situations with customers of Bank Alfa. When choosing informants for the interviews the authors used a convenience selection i.e. people that are for the moment available for the authors (Bryman & Bell, 2011, p. 204).

4.2.1 Deductive reasoning

A deductive approach is conducted when a theory is used to explain observations or findings (Bryman & Bell, 2011, p.31). Deductive approach, also known as top-down is the process of reasoning from a general statement made into reaching a reasonable conclusion. When following a deductive approach, it is initiated with a theory, then followed up and tested with a hypothesis (Blackstone, 2014). Observations are then conducted to test the hypothesis to determine if the results are valid or not. In this way it is processed from the top to down, working its way from theory to hypothesis, observations and lastly confirmation of the results (Bryman & Bell, 2011, pp.31-32).

The deductive approach was used in this research since the collected data was analyzed with an established theory to be able to reach a confirmation. In order to reach a confirmation, which is to study if there are expectation gaps between the bank and its customers, interviews were conducted where the questions were connected to the theory (appendix). After the interviews, the empirical findings were analyzed with the theory to reach a conclusion. By using the outlined method where the empirical findings explained the purpose and gave answers to the research question, no hypothesizes had to be developed.

4.2.2 Primary data

The research have partially been based on primary data and by that an empirical study of the topic was produced. Primary research is when studying a subject through firsthand observations. The information may be collected from people or data collected from own personal experience (Dawson 2002).
Primary data was collected through interviews with the retail manager and with customers of Bank Alfa. The one most fitting for the research was the retail manager, since he was the one in charge of the customer service in that office, as well as the one who from the beginning suggested that the research could be of the specific topic, expectation gaps between the bank and its customers. The interview with the manager was based on the gaps in the Gaps model of service quality to study if there are any expectation gaps between the bank and its customers.

4.2.3 Secondary data

The secondary data that was collected was from the official website of the bank, articles and journals with previous studies regarding customer service in banks, which was found through databases such as Google Scholar and Diva portal. Secondary data such as financial statements (Årsredovisning) were collected from the Swedish saving banks national association. According to Bryman & Bell (2011, pp. 322-323) secondary data is data used for another research or purpose collected by someone else. By using different outlets to find information, books were used, both physical and E-books that explained the topics of customer service in banks. Moreover books about research methods were used. The choice of using secondary data was to get a broader perspective about previous research. Even though the thesis is highly dependent on primary data, it was necessary to obtain information from previous studies, so that a broader understanding of the topic could be gained.

4.3 Qualitative research

A qualitative research is a data collection method where in depth studies are made, the purpose of the qualitative research is to study the attitudes and experiences of people (Dawson, 2002: Bryman & Bell, 2011, pp.394-398). Conducting a qualitative research is to study things in their natural format, it is to interpret a phenomenon in the way informants express it. When conducting a qualitative research there has to be an observer that collects data, the data can be collected in different and interviews is one of them (Denzin & Lincoln, 2005: Bryman & Bell, 2011, pp.396-397).

During the interviews, the informants had the chance to develop their answers, which was important for the study since the authors of the thesis, as well as the retail manager of the
bank wanted to know what the customers’ expectations were. It would have been difficult to find out what they expected of the service quality, if a qualitative research would not have been conducted.

4.4 Interviews

In order to follow up on the theory, the Gaps model of service quality, and its gaps, the authors believed it was necessary to conduct interviews to study the subject. The interviews were conducted with Bank Alfa’s management to clarify what management's perception of customer service were along with their service specifications and general thoughts about the customer service. Moreover, interviews were held with customers in order to study their expectations of customer service, the reason for this were to be able to study the gaps.

Since the aim of the interviews were to collect data for studying the expectation gaps between Bank Alfa and its customers. The questions asked during the interviews contained different elements of the subjects however all questions were connected to the expectation gaps between the bank and its customers. In order for the informants understand the questions fully, the interview question were sometimes reformulated. This was only done when the informants had a hard time understanding the question. In a semi-structured interview the interviewer has the opportunity to change the words of the questions, however, not the meaning of the question (Bryman & Bell, 2011, pp. 215-217). Since some informants may have a problem with the vocabulary, it is easy for the question to be interpreted in a wrong matter. Some words may not contain the same meaning for all informants (Barriball & While, 1994). Therefore a semi-structured interview was conducted since the authors did not want the question to be answered wrongly because of a misinterpretation.

Interviews were held at separate dates with the manager and the customers at the bank in order to adjust and reformulate the interview questions so that they would fit the study better and be connected to the manager’s responses. The interviews were anonymous, and the reason for the interviewees to be anonymous, was to provide the customers with the ability of speaking freely without being held accountable for it. Since some informants gave the impression of being uncomfortable agreeing to do the interviews. After assuring the informants of the confidentiality they expressed relaxation, which might have enabled them to provide more honest answers.
4.4.1 **Saturation**

To know how many informants were needed for the study, different ways of reaching conclusions through qualitative interviews were looked for. The one finally used was the method of saturation meaning that informants are interviewed until the answers are repeated and no new information is collected (Bryman & Bell, 2011, p.514). Saturation was reached at the fourteenth interview where the informant even by developing the answers did not add any new information.

4.4.2 **Interview with retail manager**

The interview was conducted on the 24th of April starting at 14:10, in agreement with the retail manager of Bank Alfa. The interview was held at the retail manager's own office in Bank Alfa. Specific interview questions were prepared for the manager. The interview questions were given to the manager before the interview, in order for the manager to have a better understanding of the topic and to be able to prepare material, which could be useful for some of the answers, such as the bank's service quality specifications. A recording machine was used to record the answers from the manager. The manager was asked whether it was accepted to use his name in the study, whereby he stated that he could be referred to as “the retail manager”. One of the authors asked the interview questions and communicated with the retail manager while the other author took notes of the answers and other expressions that could have a meaning for the research (Bryman & Bell, 2011, p.514). The manager proceeded with answering the questions presented to him, and then continued to talk freely. The interviewers were not hesitant to ask the manager to further elaborate on an answer if it was not clearly formulated. After the interview, it was asked if there was something that the manager thought was unclear or something that needed to be added besides the questions. The manager added some further comments, before the interview ended, which lasted for approximately 50 minutes.

4.4.3 **Interview with customers**

Fourteen interviews with customers from Bank Alfa was conducted. The location for the interviews was at one of the bank’s offices. The date of the interviews was on the 29th of April. The first interview was held at 10:15 A.M, interview questions were asked from a document that was prepared a couple of days earlier. There were 12 questions in total that was
asked to the customers. The interview was held for approximately 15 minutes each. Some of the questions asked were related to the answers provided by the retail manager in the previous interview, in order to find relevant gaps. As in the interview with the manager, one of the authors asked the questions and helped the customers develop their answers, while the other author wrote down the informants expressed feelings, such as when informants hesitated or felt uncomfortable about specific questions etc.

4.5 Validity & Content validity

Validity is reached when the applicable method is used for the right situation. A method that might be valid for a certain situation might not be valid in all situations (Bryman & Bell, 2011, pp.63-64)

According to Bryman & Bell (2011), content validity is when there are some examples that have been gathered and matches the concept that is being studied. This process of validity has to be examined by experts in the subject matter, where they approve the content of the study with the concepts that are being measured.

For this study to reach content validity the authors asked a revenue manager with broad past experience in customer service, if the chosen interview questions were fitting to the research and the theory. The feedback included some readjustment of the interview questions.

4.6 Reliability

Reliability is to create a reliable method of conducting a research by proving that the subject being researched can be applicable in similar city. Reliability can easily be misinterpreted and mistaken for validity therefore it is important to know the difference of these subjects. A research can be reliable but it does not make it valid, however, a research cannot be valid and not reliable (Bryman & Bell, 2011, p. 401)

For this thesis, the authors conducted interviews with the retail manager of the bank. Interviews were moreover held with 14 different customers to obtain broad results of customer service. This research could be replicated if researchers would follow the outlining
of this method chapter. However, it might only be successful if the research would be of another savings bank in a similar city.

4.7 Method for studying the gaps

The theory of gaps model is used to study gaps between the service provider and the service receiver. The method used to study the gaps was by holding a interview with the retail manager of Bank Alfa, followed by interviews with customers. The aim was to study the expectation gaps between the bank and its customers. There are five gaps that can arise according to the theory. The authors had to form interview questions that could be used in the interviews for studying the gaps. Since some of the gaps concerned the service quality specifications, the authors asked the manager to state them. Those were then compared to the service delivery. By investigating the bank’s advertising and communication on customer service the authors gained knowledge on what the bank is promising and through interviews the informants evaluated if they believe the bank to keep its promises. This was done to examine the effect of external communication, and to help understand where the customers’ expectations stems from, which is one of the gaps.

4.8 Thesis development process

According to Bryman & Bell (2011, p.63), one of the criteria used for business and management research is replication. It is stated that a research should be described in detail to the extent that it could be replicated. There is a great need for transparency in the method description for the study to be able to be replicated successfully. Therefore the authors will describe the whole procedure that was made.

From the very beginning of this research one of the authors was working for the bank. During a sit-down with the retail manager, he stated that a research to define the customer service of the bank and to study the expectations and perceptions that the consumers had of the customer service, would be of value for the bank.

The authors started out by, through personal communication with the manager, get a clearer view of what the problem was to be able to research the designated area. This enabled the authors to formulate a problem description and have a provisional research question and a
purpose. They were seen as provisional since the authors knew that there was a possibility of changing these along the writing process.

When the task was clear, the authors proceeded by searching Google for all kinds of sources regarding customer service in banks. Both scientific articles and other sources were found. The reason was to get a broader general understanding of what the phenomenon was. The authors continued by reading through all available information on the official website of the bank, to get an understanding the banks history, but also what the bank was aiming towards and importantly if there were any stated promises regarding their customer service. Since there were not many directly stated promises on the website, the authors had to, with the available material on the website try to figure out the promises. Since one of the authors was working at the bank, they were able to develop educated assumptions.

The theory that was decided upon was the Service quality model since it describes gaps between company and customers’ expectations and perceptions, which were directly related to the research topic and was the most fitting framework for reaching an answer to the research question. During the search for articles and scientific papers, no time frame was added in the options of Google scholar, even though some articles found were of age, they were still considered relevant since the model itself was developed as early as in 1988.

By reading and understanding the literature and theory, s were able to derive interview questions from the theory (table 1, 2) which have five gaps where different components of the service delivery are weighed against each other. The authors laid great emphasis on the questions that would be used in the interview with the manager, since his answers would along with the theory be used for tailoring interview questions for the customers.

After the interview with the retail manager the authors held interviews with 14 customers at the bank office. During the interviews the authors asked questions and asked the informants to explain more in detail what was meant by the answers, so that the answers could better be used in the analysis.

After the authors had collected all the primary and secondary data, it was presented in the empirical findings and later on analyzed with the help of the theory and other literature, which enabled the authors to draw conclusions, and give management some practical implications.
4.9 Operationalization

In this part, a table will be used to show the connection between the interview questions and the theories.

According to Burnette (2007), to measure a study there has to be an operational definition for the researchers to identify what will be measured. From that operational definition there will be measures connected to the theories that will exactly specify what is being measured or examined in that thesis. The authors have used this concept to provide a clear overview of what is being measured so that it can easily be traced back to the theories in order to see the connections. This is to help the readers, researchers and others who hopefully will do future research on the subject with understanding how the research was conducted.
The theory that is used is the gaps model of service quality, which consists of five gaps. The interview questions (appendix) are used to find out where there are gaps and where there are not. In the table it will be possible to see what part of the theory each question is linked to. There are two tables because the interviews with the customers had different questions than they interview with the retail manager. Those questions in turn were connected to different gaps, which the authors want to show in the operationalization tables.
4.10 Limitations

Due to the time constraints the authors were only able to do a research on one subsidiary. It is assumed by the authors that if they would have the possibility of doing the study on all of the banks subsidiaries the result would have been even more accurate.

During the data collection there were some customers who had a hard time answering the questions from an impartial point of view, believing that the interviews were connected to the workers at the bank. Since one of the authors is employed by the bank it was hard for the customers that had previously encountered service with him to separate the author, therefore, customers sometimes referred to the bank as “you” in the interviews. However this could also be seen as an advantage since one of the authors has more insight and understanding of the phenomenon, which helped the research as whole. Even though the authors assured the informants in the beginning of the interviews that the answers would be treated from a scientific perspective rather than as an employee of the bank. It was also hard for some of the customers to provide answers that were not impartial towards the bank since some customers had personal relationships with other employees at the bank.

Another limitation encountered was the confidential service specifications that were not available for the authors to obtain. The authors were provided only with a general overview of the service specifications.
5 EMPIRICAL FINDINGS

In this part of the thesis the results from the data collection will be presented. The data will be separated and presented in accordance with the gaps from the gaps model of service quality to facilitate the understanding for the reader. At the end of this chapter, a summary of the findings that did not have any specific connection to a gap, but was considered worth mentioning are presented in the section of general finding.

5.1 Answers connected to gaps

As mentioned previously in the thesis, the responses gained from the interview with the retail manager were used to help tailor the customer’s interview questions in order for the gaps to be studied. Moreover, so that the findings would be of value when answering the research question in the conclusion. Therefore the findings and statements from the interview with the manager will be followed by the customers’ statements. Those will then be weighed against each other in the discussion chapter.

Gap 1: The gap between management's perception of customer expectations and customer’s own expectations.

In the interview with the retail manager, he got the chance to describe his thought around customers’ expectations. One of the answers provided was: “To be completely honest, I do not think that customers expect that much from a bank. More that we should loan them money. That’s what I believe them to expect”.

Customers got questions whereby they had the ability to describe what they expect from the bank in terms of customer service, for the authors to be able to study the gap. What was found was that many customers expected the personnel to be professional in all ways possible. An answer that covered most informants’ expectations was: “I expect the personnel to be professional and knowing. Treat me with kindness and respect”. Furthermore, customers stated that the personnel should be smiling and give the help that is requested from them. It was stated that getting “the little extra” was important. When the informants developed what they meant by “the little extra” an explanation from the majority of the informants was to get the help needed, with a nice attitude even though the request was demanding.
Continuing on the interview with the retail manager, he described that to be able to deliver a high quality service, the bank needed to exceed customer's expectations, which when described was stated as: “When a customer comes here, we should make sure we present something that the customer have not expected which will make his economic situation better, and in turn is a transaction for us...That is what I view as extra service”

In the interviews with customers, they were asked whether they appreciated if a bank employee would present an unexpected solution, with the aim of improving their economic situation. It was found that customers had very diverse thoughts about the matter, however the majority expressed that they in general did not appreciate when the bank man presented services that the customer had not intended to discuss. Some of the customers further explained that the bank man could suggest services but only if they are presented in a non-stressful way where the customer gets the chance of thinking through the suggested service. The informants who had a negative attitude towards the subject stated that it rather is a sales technique from the bank and not presented with the intention of improving the customer's economic situation. “Yes, good to get options, but you need to get the chance to think it through then decide. There are a lot of services and options I do not know about”. “I understand that the employees have to sell, but it does not always turn out to be so good” The customer who provided this answer expressed that it was a very sensitive topic, but that she felt that she had been rushed into taking a decision which instead of improving her economic situation made it worse. ”The bank need to find a balance, many times it is in fact only an attempt to sell, that is how I perceive it”, was another answer.

The retail manager stated that he believed that customers expects availability and kindness from the personnel, the availability was explained as: “To be relatively available means that if I come here and want to take a loan, then I as a manager want the customer to get a response right away, the customer however can think that a response within three days is ok”. In connection to the literature, Parasuraman et al., (1988), Lewis, (1993), and Wilson et al., (2012, pp 79-80), found that there are five dimensions that are evaluated by customers when judging the service quality. Responsiveness is one dimension, which is described as the willingness to help customers and the ability to do so in a timely fashion. It is further described that, for a service provider to live up to this criterion, a sufficient number of employees must be available.

To be able to study the gap in the dimension of responsiveness customers were asked about their expectations regarding the matter, the findings showed that getting help fast was very
important. One customer expressed his thoughts about waiting for a reply regarding a loan as: “I want the answer right away, I do not want to go home and wait for a call, that means no to me”. The customer, who however, stated that they were willing to wait, explained that two days was their limit. Although it was added that they would rather get the answer right away.

**Gap 2:** The gap between management’s perception of customer expectations and service quality specifications.

During the interview with the retail manager of Bank Alfa the authors asked him if there are any clear service quality specifications noted for employees to follow. The retail manager stated there were no strict guidelines for the employees to follow. “Actually, we do not have any document in the bank that specifically describes how we should work with customer satisfaction. Four years ago we did make a document, but it is nothing I can hand out, it is confidential”

The retail manager proceeded with stating that he could read some parts of the document which gave the authors a general overview of the service quality specifications: ”A meeting with (Bank Alfa) should be easy and pleasing, the customer should always be welcomed in any form, whether it is by phone or other media, they should always be welcomed. We should greet the customers, as we ourselves want to be welcomed and listen to the customers’ and put their needs in focus to build long-term relationships.”

During the interviews with customers it was stated by the majority of the informants, that the greeting and treatment is important: “That the person meeting me is friendly, smiling and that the meeting goes smoothly”. “I must be treated with respect, and eye contact is important when you enter the bank”.

**Gap 3:** The gap between service quality specification and service delivery.

According to the retail manager, the general service quality specifications are: ”A meeting with Bank Alfa should be easy and pleasing, the customer should always be welcomed in any form, whether it is by phone or other medias, they should always be welcomed. We should greet the customers, as we ourselves want to be welcomed and listen to the customers’ and put their needs in focus to build long-term relationships.”
The manager stated that he expects the employees to deliver according to these specifications. He further explained that it varies between the employees. Some may over-exceed the expectations on service delivery while other employees need to improve their skills. The retail manager continued with explaining his own expectations of the employees as: “We should at all times have a good customer service, it should be correct according to the laws and regulations, and the one delivering the service should be responsive, that is what impregnates the service”.

The manager was asked whether, the employees got any training regarding the customer service, whereby he responded: “Not directly, and by that I mean that the new personnel get indirect training. They learn from the other employees how we at the bank provides customer service”. “When I hire a person, I hire the person based on that I believe the person to be good at providing service quality. I think that is something you have inside you, not something you learn easily. Either you have it in you, or you do not”.

From the interviews held with customers it was found that the majority were pleased with the customer service at the bank. Most informants stated that the employees are friendly and professional. One of the customers interviewed mentioned that there should be exceptions towards some policies so that the customers could be even more satisfied. “I do not want the employees to tell me that they cannot help me with something, they should be able to bend the rules a bit for a customer as loyal as me”.

**Gap 4: The gap between external communication and service delivery**

The bank communicates on the official website that the ambition is to have the most satisfied customers in Sweden, the bank also communicates through their website and through social media, such as Facebook and Instagram, that they were rated as the bank with the most satisfied customers in the region and was rated as top 10 in Sweden in the survey made by SKI (Svenskt Kvalitetsindex).

Customers got a chance to comment on the statement of having the most satisfied customers in Sweden in the interviews. The responses were mixed, some more positive and others negative. One of the customers who were positive to the statement explained that: “With a customer service as good as offered here, they should be rated the best bank in Sweden”.

Another customer who was not as positive to the statement claimed that: “That is a very
strong statement, how would they even know that they actually have the most satisfied customers in Sweden? It is impossible to prove”.

The bank also communicates extensively that they are a genuine savings bank, this is communicated on the official website and when calling the bank. The retail manager stated that it is important to teach customers the meaning of being a genuine savings bank, further he stated that if more customers would understand what it meant to be a savings bank the customer satisfaction would increase and that the customers would be more tolerant against the interest rates, which meant that they would be more willing to pay a little more when knowing that parts of the profits goes to improving the surrounding environment. “We know that if 8 out of 10 customers know that we are a genuine savings bank the customer satisfaction would increase. We see each meeting with customers as a possibility to market the bank, explain what we stand for and how we want to be perceived”.

The customers were asked in the interviews whether they knew what was meant to be a genuine savings bank. Out of the fourteen interviews, three customers knew the meaning of it. Some of the responses were: “Yes, I think I know what it means to be a genuine savings bank, or no, not really”. “There is not much information about it, I do not know what it means exactly”. “I know what it means but I only think it is to get positive publicity”. “Yes I know what it means, that is the reason why we have stayed. You do well for the county”.

After explaining the meaning of being a genuine savings bank to those who did not know, the customers were asked if their expectations had changed and if they were more tolerant to higher interest rates, and if the information affected their loyalty. Most informants answered that they would pay more, however many of them showed signs of being uncomfortable answering the question. “Yes, I am willing to pay more. The money goes to good causes after all”. “Yes, I think I would”. Few informants stated that they would not want to pay more even after knowing of the concept. “No, I do not want to pay more. I think that the interest rates are high as it is”. The informants who were positive towards the business model stated that it affected their loyalty positively.

**Gap 5: The gap between expected service and the experienced service**

The first question asked to customers was if they had any expectations before coming to the bank that day. Most of the customers mentioned that they did not have big expectations
besides being greeted in a nicely manner and secondly to have their needs taken care of that day, such as cash withdrawal and personal accounting. However the customers who had been, or was going to a meeting with a personal banker stated that they had bigger expectations: “I am waiting to meet a personal banker now, and I really expect him to help me with what I need. I hope that the meeting will not take any longer time than it has to. Because I am in a hurry”. “I expect him to treat me nicely, but I know that he will do so”.

After meeting with the personal banker, the customer got to answer if the expectations she had before the appointment were met: “Yes the meeting went great, and my expectations were met, it didn't take long time either”. Some customers mentioned that they also prefer when the service is extra catered to them personally, fast service was also mentioned as bonus however, the service should be accurate and not deceiving or misleading. “I want the bank to be able to offer me services that exactly fits my needs, why wouldn’t they, I am paying them after all”.

The majority of the customers stated that the experienced service had been in accordance with what was expected. Most customers developed their answer by restating what their expectations of the bank in general were and by confirming them with the perceived service that they had gotten before the interview. One customer stated that the experienced service partially met the expectations but were not willing to develop what was meant, which was accepted due to respect of his personal integrity.

5.2 General findings

During the interviews there were some statements that had no connection to the gaps mentioned above. However, the authors found them worth mentioning since it might benefit the Bank.

In the interviews with customers, the informants were asked, if they could state an example of a poor customer service which would cause them to leave the bank. The question was asked to find out what aspects regarding the customer service that are outside of the zone of tolerance. The informants stated that if they would realize that the bank had deceived them, or if the interest rates on loans would go up more, it could lead to them considering competitors. Customers formulated their answers as: “To be deceived”. “If the interest rates would change
for a loan without the bank giving me notice”. “If the interest rates on loans would increase more than they are now”. “If I would not get the technical support I need”.

In the interview with the manager it was stated that the bank is a full service bank which means that they offer most services that a bank does, which is a factor for customer satisfaction, this statement was confirmed in the interviews with the customers where it was stated by one customer that “since the bank offers cash handling from the cashiers I am happier to stay as a customer”. Many customers pointed out this particular service since it is a declining service amongst the Swedish banks.
6 DISCUSSION

This chapter is dedicated to the analysis of the findings from the interviews with the help of the theory that has been guiding the authors throughout the thesis. The findings gained from the manager will be weighed against the findings from the customer, and then discussed in contrast to the theory and the literature review.

**Gap 1. The gap between management's perception of customer expectations and the customer's own expectations:**

The gap arises when there is a difference between management's perceptions of customer expectations and customers’ expectations (Wilson et al., 2012, p. 97-98). This in connection to the case company would mean that the bank thinks that their customers expect something, whereby the customers actually expect something else.

The retail manager stated that customers do not have much expectations of the bank more than the technical outcomes from the wanted services. In connection with the literature, Richardson & Robinson (1986) described that managers and employees at banks often believes their most important task, is to deliver the technical quality, which means to deliver the requested service, where not as much emphasis is put on the functional quality, which is the quality of the process delivered (Grönroos, 1984; Richardson & Robinson, 1986; Zineldin, 2005). From the interviews, it was clear the statement did not correspond to the customers’ expectations. The customers stated that the technical outcomes indeed were important but that the process of delivery was not something that could be neglected. They stated that the attitudes, service mindedness and the interactions were a part of the evaluation of the service. In connection to the literature, Brady & Cronin (2001) stated that customers indeed include the technical aspects when evaluating the service quality but that the functional quality is the most important one. By analyzing the findings related to Gap 1 with the theory and the literature, it is by the authors declared that there is a gap.

**Gap 2. The gap between management’s perception of customer expectations and service quality specifications:**
Wilson et al., (2012, pp. 98-99) described that the gap can arise due to management's incapability to set correct service specifications, which in connection to the case would mean that management of the bank might understand customers’ expectations of the service quality but, fails to translate them into service quality specifications.

The retail manager stated that there were no strict guidelines for the employees to follow on how to perform a service. There were some guidelines mentioned, which seemed more as guidelines for the organizational culture. The statements were that the customers always should be welcomed and greeted with the respect.

The customers stated their expectations, which to some extent corresponded to the guidelines in the document. However, the service quality specifications were very general. Due to the service quality specifications being that general, the authors came to the conclusion that there might be a gap. Even though the customers’ expectations were covered, it does not necessarily mean that management understands its customers’ expectations.

**Gap 3. The gap between service quality specification and service delivery:**

The gap arises when the service quality specifications do not correspond to service delivery. In connection to the case, this gap would arise if the employees at the bank would not deliver a service corresponding to what is stated in the service specifications that are set by management. Wilson et al., (2012, pp. 100-101) explained that if there is a gap, it can be due to lack of training of the personnel, incompetence from the personnel, a lack of service standards or that the employees are simply not following them.

The manager stated that there are no direct training programs for the employees. He continued explaining that new employees learn how to deliver service from the already existing personnel. Whereby they learn what the service quality specifications are and how to follow them. The retail manager stated that the employees are delivering service quality in accordance with the specifications and on the level expected of them. The customers stated that they were pleased with the customer’s service provided at the bank, which means that there is no gap, however the lack of service quality specification could mean that there is a gap anyway. In connection to the literature, it was presented by Wilson et al. (2012, p.257-259) that it is important to have service oriented employees, since they are the ones who have
most interaction with customers, which from the findings can be assumed that the bank has succeeded with.

**Gap 4. The gap between external communication and service delivery:**

This gap is between external communication and the service delivery (Wilson et al., 2012, pp. 101-102), which means that a company can communicate a service standard externally or make promises, but not live up to the communicated standards in reality, which according to Wilson et al., (2012) forms a gap.

As mentioned in the previous chapter, the bank communicates externally that high quality services are offered, which is communicated through various medias. One of the ways the bank communicates this is by having the mission of becoming the bank with most satisfied customers in Sweden. When customers were asked what their thoughts were about the matter it was stated that, having most satisfied customers in Sweden was a strong statement. However, almost all informants stated that they believe the service quality to be high. Another fairly strong statement made by the bank about the customer service is the advertising made on social medias concerning the SKI ratings where the bank was rated to the best bank in its region and in the top layer when compared to all banks in Sweden (Svenskt kvalitetsindex, n.d). Some customers responded to the SKI statements with skepticism, whereby it was stated that it is hard to know if it was actually true. In connection to the literature it was stated that customers appreciate reliability, it is stated that customers are happier to conduct business with companies that keep their promises. It can be assumed that consistency is of importance for a bank's customers since it gives the impression of stability, which is important for bank customers (Parasuraman et.al, 1988; Lewis, 1993).

Furthermore the manager stated that it was known to the bank that if more customers would know the meaning of being a genuine savings bank, it would raise the overall customer satisfaction. He also stated that customers would become more tolerant towards the interest rates. During the interviews with the customers it was found that, they indeed were more tolerant towards the bank in general, and towards the interest rates, due to the reason of them being a genuine savings bank. By asking customer about the external communication of the bank, it was found that the external communication corresponds to the provided service, which means that there is no gap, however since most customers did not know what it meant to be a genuine savings bank there are some mismatches in the gap.
**Gap 5. The gap between expected service and the experienced service:**

According to Wilson et al., (2012, p.96) the last gap is between customers expected and experienced service. This gap essentially focuses on customers and how they expected the service quality to be compared with how they experienced it to be. The difference between the two factors corresponds to the perceived service quality (Grönroos, 1984; Parasuraman et al., 1985; Wilson, 2012, p.96). If the experienced service quality were lower than the expected service quality, there would be a gap.

The first question asked to the customers was, what their expectations of the customer service was. The customers got the chance to bring up the thoughts they had before they came to the bank. They also got the chance to answer if they thought that the service they received had met their expectations. In connection to the literature, it was stated that the perceived service quality is the difference between the expected and experienced service. The occasion is often referred to as the moment of truth. Because it is here the service quality is perceived and judged by the customer (Wilson et al., 2012, p.96). In almost all cases, the customers responded that the service at least had met their expectations. From the interviews and the theory it can be concluded that there is no gap between the experienced and expected service quality.
7 CONCLUSION

In this chapter, the authors will draw conclusions with the aim of answering the research question in a structured way.

The aim of this thesis was to study the expectation gaps between the bank and its customers. To be able to answer the research question, the authors analyzed the findings by using the gaps model of service quality along with the existing literature. Hereby the findings regarding the gaps will be presented in a more clear fashion.

What was found from the interviews was that there is an expectation gap and some mismatches in the service quality of the bank. The gap found was that management did not fully understand their customers’ expectations. The manager stated that the customers do not have any high expectations on customer’s service provided at the bank. They rather had expectations on the technical outcome. In contrast, the customers stated that the functional service quality was very important.

The gaps that were not determined fully were connected to the service quality specifications, the lack of service specifications indicates that the bank might not fully understands their customer's expectations and perceptions, therefore the authors call this for a mismatch rather than a gap.

Through the research it was found that the service quality of the bank, in general is high, and that customers are satisfied. It was also found that the bank keeps its promises and delivers the service on the level of quality they are communicating. The perceived service quality of the customers was stated to correspond, to a large extent, to the expected service quality.

To answer the research question, if there are expectation gaps between the bank and its customers regarding the customer service: There is an expectation gap in Gap 1 i.e. the banks perception of customers’ expectations did not match the customers stated expectations. There were potential gaps in Gap 2 and 3 i.e. there were some mismatches between the service quality specifications, management’s perceptions of customer expectations, and customers’ stated expectations. Gap 4 had some mismatches and Gap 5 was closed i.e. customers perceived service quality corresponded to the bank’s external promises and to customers expected service quality. However, most of the customers did not know what it meant to be a genuine savings bank.
8 PRACTICAL IMPLICATIONS

The authors would like to give some advices to the banks management:

- Have clear and more detailed service quality specifications that correspond to your customers’ expectations.
- Have some type of training for new and existing employees regarding the customer service, so that the level of service quality can be raised even more.
- Communicate the meaning of being a genuine savings bank more extensively, since most of the interviewed customers did not know the meaning of it.

9 FUTURE RESEARCH

During the study the authors discussed that it would be interesting to examine if there are differences in thoughts and expectations between different demographic populations, such as age, education, and professions. The authors would like to suggest that future researchers compare the expectations of the outlined demographics. The reason why this was not made in the thesis was because the authors aimed for a general understanding of the situation at the bank regarding customer service. If future researchers would like to extend this research, they are welcomed to contact the authors by the emails provided in the beginning of the thesis so that the real name of the bank can be revealed.
10 REFERENCES


Appendix

Interview questions for customers

1. What are your expectations on the customer service as a costumer at Bank Alfa?
   Vad för förväntningar på kundeservice har du som konsument hos Bank Alfa?

2. Do you believe think Bank Alfa’s communicates high service quality?
   Tycker du att Bank Alfa kommunicerar att de har en bra service?

3. What were your expectations on customer service before you came here?
   Vad för förväntningar på kundeservice hade du när du kom hit?

4. Were your expectations regarding the customer service met?
   Blev dina förväntningar kring kundservice bemötta?

5. According to the literature review, banks believe that their customers only expect to receive help with errands such as loans and that the customer do not have large expectations on service, how do you resonate about this?
   Enligt tidigare forskning så tror oftast många banker att deras kunder endast förväntar sig hjälp med det de vill ha hjälp med, t.ex. få ett lån men att kunderna inte har mycket mer förväntningar på service, vad tycker du om detta?

6. If the personal bank man would present something new that would boost your economy, would this be considered good service for you?
   Om rådgivaren i ett möte skulle presentera någonting nytt som skulle göra din/er privatekonomi bättre, skulle detta ses som bra service?

7. How do your expectations differ from a quick errand with the teller or a meeting with an advisor?
   Hur skiljer sig dina förväntningar mellan att komma in i kassan för ett snabbare ärende jämfört med att vara på rådgivning?

8. Could you give an example of a bad customer service that would make you change bank?
Skulle du kunna ge ett exempel på någon dålig service som skulle få dig att vilja byta bank?

9. How important is it for you to get the help you need fast? (Loans)
   Hur viktigt är det att få hjälp snabbt? (Lån)

10. The bank mentions that they are a genuine savings bank, (do you know what it means? If not, explained.) Do you believe that the bank communicates the essence of it enough?
   Banken säger att dem är en äkta sparbank, (vet du vad det betyder? Om inte, förklara.) Tycker du att banken kommunicerar innebörden av detta tillräckligt?

11. How does your expectation change when you know that Bank Alfa invests locally?
    Hur påverkas dina förväntningar när du vet att Bank Alfa investerar vinster lokalt?

12. How does it affect your tolerance? (Regarding the interest rates). The customer satisfaction is often affected when the money goes to shareholders or investors, what do you believe?
    Hur påverkas din tolerans? (kring räntor osv). Kunden är oftast mindre nöjd om han/hon tror att pengarna går till aktieägare eller investerare vad tycker du om det?

**Interview questions for manager**

1. How would you personally define customer service at a bank?
   Hur skulle du personligen definiera kundservice på en bank?

2. What do you believe the customer expectations of customers service is at Bank Alfa
   Vad tror du kunder har för förväntningar på kundservice från Bank Alfa?

3. Is there any written service quality specifications? What are the guidelines regarding customer service?
   Har ni nedskrivna service villkor? Vad är era riktlinjer gällande kundservice?

4. How is the personnel trained to offer good service?
   Hur tränar ni er personal för att erbjuda bra service? (socialization, culture etc.)
5. Are the guidelines used when training new personnel? (are they being instructed?)
   Använder ni er utav era riktlinjer när ni tränar ny personal? (får de lära sig dem?)

6. Do you believe that the personnel follow the specifications regarding customer service?
   Tycker du att personalen följer era riktlinjer gällande kundservice?

7. Do you believe that the employees know the service guidelines of the bank?
   Tror du att dem anställda vet vilka riktlinjer som gäller på banken, angående kundservice?

8. Do you believe that the bank offer the customer service as they should? (As what is expected of them?)
   Tycker du att personalen erbjuder den kundenservice de skall (Som förväntas utav dem)?

9. On the banks website it is stated that the banks ambition is to have the most satisfied customer of all banks in Sweden. Do you agree according to how the customer service is today?
   På bankens hemsida står det att bankens ambition är att ha de mest nöjda kunderna av alla banker i Sverige. Tycker du att det stämmer ihop med hur kundservice ser ut just nu?