

SERVICE QUALITY AND CUSTOMER RETENTION AT ICICI BANK

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ABSTRACT: The purpose of this paper is to look into the impact of service quality on customer retention at ICICI Bank, a major private sector bank in India. The paper's goal is to look into how several service quality elements, such as tangibility, certainty, responsiveness, empathy, and dependability, affect customer satisfaction and their intention to continue doing business with ICICI. To collect primary data, structured questionnaires were issued to ICICI Bank clients, and secondary data was gathered from periodicals, reports, and bank publications. Statistical tools such as correlation and percentage analysis were used to interpret the data. According to the research, providing great customer service increases consumer loyalty, trust, and long-term bank connections. Customer retention has been shown to be highly influenced by the convenience of digital banking, secure transactions, courteous staff behavior, and timely service. The paper's findings show that in order to preserve a competitive advantage, strengthen client connections, and ensure long-term success in the banking market, ICICI Bank must continually improve the quality of its services.

Keywords: *Service Quality, Customer Retention, ICICI Bank, Customer Satisfaction, Reliability, Responsiveness, Assurance, Empathy, Tangibility,*

1. INTRODUCTION

In today's competitive business environment, service quality is critical to an organization's long-term viability and success. In addition to product and service cost and availability, consumers now consider the amount to which their requirements are addressed, how they are treated, and how frequently the service meets their expectations. Although poor service quality can swiftly drive customers to competitors, outstanding service quality fosters customer happiness, trust, and a strong brand image. Businesses are constantly striving to improve their service standards in order to remain competitive and relevant in the industry.

Customer retention refers to a company's ability to encourage repeat business or service usage and retain long-term

relationships with its customers. Retaining existing customers is frequently less expensive than acquiring new ones, because loyal customers are more likely to spend more and spread favorable word-of-mouth about the business. Strong customer retention improves profits, brand reputation, and market stability. As a result, many firms prioritize techniques that promote consumer loyalty and long-term engagement.

Service excellence and client retention are intrinsically related. Dependable, responsive, and individualized services are more likely to elicit feelings of gratitude and happiness from clients. Satisfied clients are more likely to remain loyal to the company since it fosters emotional attachment and trust. Nonetheless, complaints, unhappiness, and client

switching, all of which can be caused by poor or inconsistent customer service, can have a negative impact on the company's performance.

Customer expectations and impressions are influenced by a number of service quality criteria, including tangibility, assurance, responsiveness, empathy, and reliability. These characteristics influence how clients rate their overall experience with a service provider. Businesses who regularly provide outstanding service in each of these sectors might gain a significant competitive advantage. Businesses may increase customer retention and build closer relationships by continually improving service delivery and understanding client needs.

2. REVIEW OF LITERATURE

Dhahir, A. A. (2025): This paper looks into the impact of strategic marketing on customer retention, emphasizing on the role of e-service quality as a mediator in the Saudi Telecom Company. The quantitative methodology is used to obtain customer feedback on marketing strategies, digital service performance, and retention intentions. Correlations between variables are investigated using structural equation modeling. The findings indicate that the consumer's perception of the quality of digital services significantly enhances loyalty, and that strategic marketing has a direct and indirect impact on retention by improving the quality of e-services. It emphasizes the importance for businesses to combine strategic marketing with continuous improvements in e-service delivery in order to retain customers.

Tiwari, S. K. (2024): This paper investigates the impact of service quality on customer satisfaction and retention in

IT project services using the well-known SERVQUAL model to assess variables such as tangibility, dependability, responsiveness, assurance, and empathy. The authors use structured surveys and a quantitative paper design to look into the impact of perceived service quality differences on clients' continuous involvement with IT project providers. The findings show that greater customer satisfaction is strongly linked to enhanced service quality in the competitive IT services business, which has a beneficial impact on retention rates.

Yu, L. (2023): This paper investigates the relationships between customer happiness, service quality, and retention in order to create a framework for continuous improvement in express logistics organizations. Structured questionnaires were used to collect data from logistics clients and assess many areas of service quality, such as dependability, promptness, economy, convenience, and empathy. The findings show a strong and positive relationship between customer satisfaction and all service quality metrics, which has a favorable impact on customer retention behaviors and intentions. According to the paper, improving central service quality areas increases customer happiness and willingness to continue using logistics services.

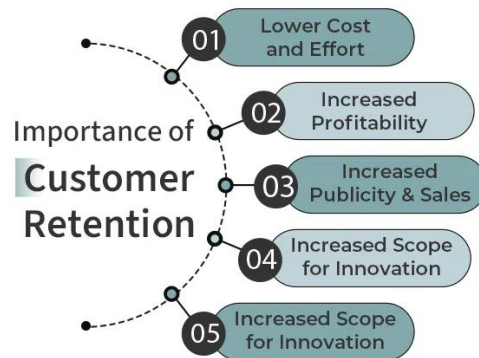
Kanesan, T. (2022): This paper uses a hybrid methodology that combines artificial neural network analysis and structural equation modeling (SEM) to look into the impact of mobile commerce service quality on customer satisfaction and, ultimately, customer retention. The data was gathered through consumer surveys conducted on mobile commerce platforms, with a focus on the utility of website content, responsiveness, system

dependability, and ease of use. According to the data, the perceived quality of the whole service has a substantial impact on customer happiness, increasing long-term platform engagement and revisit intentions.

Abubakar, H. S. (2021): This paper investigates the impact of service quality on customer retention among listed food and beverage firms in Kaduna State, Nigeria, employing an explanatory research approach to determine cause-and-effect linkages. Data were collected and put to multiple regression analysis to examine the impact of service quality. A sample of 343 customers was drawn from the Kerjcie and Morgan (1970) table. The data show that service quality has a statistically significant and positive impact on customer retention, whereas outcome quality has a strong predictive value for loyalty behavior. The findings highlight the significance of improving service delivery, timeliness, and overall quality perception in order to retain customers in competitive markets.

Husin, M. M. (2020): This paper investigates the effects of customer happiness, loyalty, and service quality on customer retention in the highly competitive telecoms market. As part of a quantitative research strategy, clients of major telecom providers were asked to fill out standardized questionnaires. The findings were analyzed to evaluate how perceived service quality influences retention intentions. According to the survey, outstanding service considerably improves consumer happiness, which encourages loyalty and enhances the possibility that they will continue to use their service provider. In addition, the paper found that loyalty and happiness had a substantial impact on retention outcomes.

3. ROLE OF CUSTOMER RETENTION



Lower Cost and Effort

Retaining existing clients is far less expensive and difficult than acquiring new ones. Customer retention tactics are primarily focused on customers who have previously expressed an interest in the organization's products or services. Businesses merely need to engage with these clients, leverage on their preferences, and build better relationships to optimize the process.

Increased Profitability

Concentrating on client retention immediately increases profitability owing to lower expenses. According to a Bain & Company report, a small 5% boost in retention can result in earnings increases ranging from 25-95%. Furthermore, retention activities are far more profitable than acquisition initiatives because the success rate for converting a new customer is approximately 5-20%, whereas the success rate for converting an existing customer into a repeat customer is 60-70%.

Increased Publicity and Sales

Customers that are delighted with a brand will almost certainly become brand ambassadors, providing recommendations at a low cost to the company. Positive word of mouth draws new customers and boosts overall sales. A negative consumer

experience, on the other hand, might generate unwanted publicity, dissuade potential customers, and erode the organization's credibility.

Increased Scope for Innovation

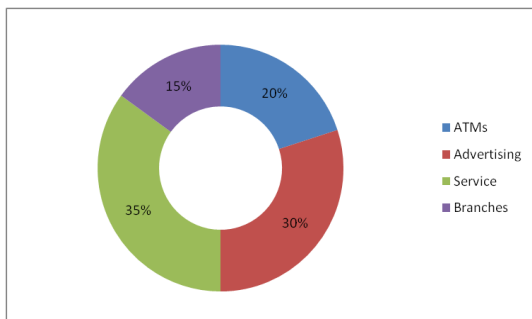
Businesses can confidently experiment with new products or services if they have a steady customer base. Businesses can innovate without worrying about financial loss since committed customers will continue to support the brand. Furthermore, this enables businesses to collect vital input during trials, allowing them to improve products prior to a full-scale launch.

Continuous Enhancement

Continuous company development demands consumer feedback. Companies that actively listen to their customers can improve their products, services, and overall brand engagement. This iterative method ultimately allows for the increase of the target population while also increasing customer loyalty among existing clients.

4. DATA ANALYSIS AND INTERPRETATION

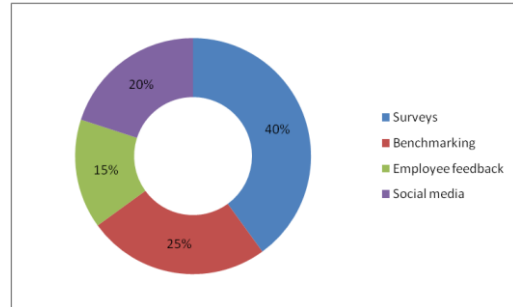
1. Which key factor is most important for long-term customer retention at ICICI Bank?



INTERPRETATION: The findings show that service is the most important feature for clients, with 35% of respondents worrying about it. Advertising is another significant aspect that 30% of respondents

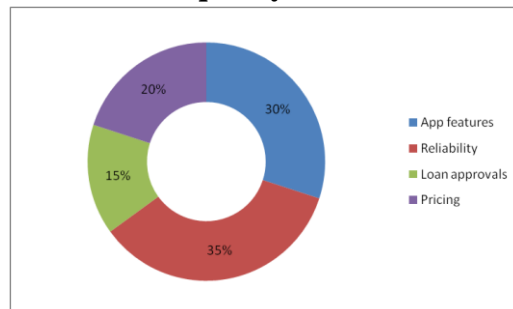
said influenced their selections. ATMs and branches receive worse ratings from 20% and 15% of respondents, respectively.

2. What method does ICICI Bank primarily use to measure customer satisfaction accurately?



INTERPRETATION: Surveys are the most common approach, with 40% of respondents relying on them for information, according to the data. Participants show a moderate preference for benchmarking, as demonstrated by the 25% figure. Social media and employee feedback have relatively modest value in information collection, as seen by their lower usage rates of 20% and 15%, respectively.

3. Which SERVQUAL dimension is specifically assessed by ICICI Bank for overall service quality?



INTERPRETATION: The findings show that reliability is the most important factor, with 35% of respondents prioritizing it while using the service. App features are also noteworthy, attracting the attention of 30% of respondents. These criteria are less important, as 20% and 15% of respondents, respectively, indicated interest in loan approvals and cost.

5. CONCLUSION

Service quality is critical for increasing customer retention since it directly influences consumer satisfaction and loyalty. Excellent service builds emotional ties and confidence in clients, resulting in positive experiences. Customers are more likely to return to and suggest a service provider when they sense consistency, dependability, responsiveness, and empathy. In contrast, the possibility for unhappiness and increased turnover caused by poor service quality emphasizes the need of sustaining standards. Businesses that invest in employee training, process improvement, and customer knowledge usually see better retention rates. When service quality is consistently reviewed and improved, consumers feel respected and included. Client relationships are also strengthened through proactive problem-solving and personalized experiences. In competitive markets, service quality becomes a key differentiator, giving businesses a tactical edge. Finally, client retention indicates a company's ability to provide value that goes beyond the product. As a result, prioritizing service quality is critical for long-term business growth and success.

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